

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY AND SUBSIDIARIES
TISZAÚJVÁROS
Cg. 05-10-000065

BUSINESS REPORT ON THE YEAR 2009
BASED ON THE TVK GROUP'S CONSOLIDATED FINANCIAL
STATEMENT PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS



Tiszaújváros, 11 March 2010

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1 INTRODUCTION

1.1 ECONOMIC ENVIRONMENT

Macroeconomic Processes

A rollercoaster year for the world economy

As far as the global economy is concerned, 2009 was a rollercoaster year. At the beginning of it, the risk of an imminent financial and economic collapse seemed very real. Economic activity, trade and investment were declining steeply. Asset prices were volatile and still on a downward trend. Policymakers globally reacted by an extreme loosening of fiscal and monetary policies and in many countries by de facto guaranteeing the financial system. The result was a turnaround in economic activity after the first quarter, and a spectacular recovery in asset prices. Emerging markets in general led the economic recovery, while (mostly rich) countries burdened with high debt were lagging. Despite the economic upturn, unemployment continued to increase throughout the year in OECD countries, and there is a broad consensus among analysts that the recovery remains fragile as many of the factors behind it are temporary. The extreme monetary loosening has increased inflation risks and may have contributed to incipient new asset price bubbles in some areas. The unprecedented fiscal deficits raised concerns regarding the long-term sovereign solvency of some economies.

Driven by the improving economic climate and receding fears of a double-dip recession, oil prices nearly doubled throughout 2009 surging from around USD 40/bbl in January to just below USD 80/bbl by the year-end.

Economy tendencies in Hungary

Hungary: Export-driven rebound expected

The Hungarian economy experienced a significant GDP drop in 2009 expected at around 6.3%. The large drop in private consumption played a considerable role in the downturn. Fiscal austerity measures reined in government spending and helped to bring the 2009 budget deficit figure to around 3.8% of GDP, which was prescribed by IMF. The economic contraction likely bottomed out in Q3 only, later than in most CEE economies indicating that the massive debt reduction had a negative effect on growth. Weak household demand and high unemployment rate further constrains Hungary's growth prospects, and thus the economic recovery will be fuelled by external rather than domestic demand. Annual GDP growth will likely remain slightly negative in 2010, and return to firm growth in 2011 only.

Petrochemical Trends

In 2009 the average quoted (Naphtha FOB med) price of naphtha (514 USD/t) showed a year on year decrease of 32% whilst the average quoted (CIF med) (518 USD/t) price of atmospheric gas oil was 44% lower than in 2008. (Appendix no. 5)

The prices quoted in the European markets for the polymer products produced by TVK (ICIS' fd nwe low spot, EUR/t) was on the lowest level in December 2008, because due to the economic crisis, the prices dropped significantly in the second half of the year. The average quoted prices of the polymers increased in the first quarter of the year, while the prices remained stable in the second quarter. In the second half of the year the prices increased further, while in the last months the market was characterised by decreasing prices. The annual averages of the quoted prices of polyethylene and of polypropylene –

despite the almost continuous increase during the year - were lower by 27-28% and 26% year-on-year. For the year as a whole, the average quoted price of LDPE was 841 EUR/t, that of blown HDPE grade was 834 EUR/t, whilst PP homopolymer raffia and copolymer grades were 781 and 838 EUR/t. (Appendix no. 4)

The HUF weakened by 12% against the EUR and by 18% against the USD, while the EUR decreased by 5% against the USD.

As a consequence of the changes in the feedstock prices, quoted polymer prices and exchange rates (especially EUR/USD), the integrated petrochemical margin declined significantly by 17% in HUF-terms and by 25% in EUR-terms year-on-year.

1.2 STOCK EXCHANGE SITUATION

TVK share on the Budapest Stock Exchange

On the stock exchanges, the first part of the year was determined by the decline of the share prices, caused by the financial crisis started from the United States of America. Majority of the markets, at a global level, reached the bottom line in February or rather in March. Nevertheless there was a significant raise in the share prices, starting from the second quarter of the year, therefore the strengthening prices reached the pre-crisis level.

The BUX index, the normative index of the Budapest Stock Exchange, reached the bottom line on 12 March (9,461 point), down by 25 % comparing to the beginning of the year. The closing value of the index was 21,227 point, which is 68% higher versus the opening value of the year (12,649 point). On the spot market the tendency of the previous years was continued, and the contribution of the equities section to the total turnover was significant (94.6%). Within the equity sector, in line with the tendency of the previous years, the share trade amounted to 99%. In 2009, the decline of the international trades was offset by the raising activity of domestic investors.

During the year of 2009 the share price of TVK raised by 40%. The opening value of the year was HUF 2,450, while the closing value was HUF 3,400. (Appendix no. 3)

The yearly turnover of the TVK shares was HUF 6,031 million and 2,333,282 pcs, while the average daily turnover was HUF 24.1 million. The market capitalization of the TVK shares amounted to HUF 82.6 billion, up by 38% compared to the last year (HUF 60 billion). TVK kept its position in the rank and remained the eighth among the listed companies in terms of market capitalization. The TVK shares did not really belong to the liquid papers, as a consequence of the small fraction of public shares.

Ownership Structure

In 2009 the ownership structure of the company didn't change significantly, as in the person and share of shareholders holding a property of more than 5% a significant change didn't happen. According to MOL Plc. shareholder's book, MOL Plc. possesses 86.79% of TVK shares, while MOL Plc.'s subsidiary, Slovnaft a.s. owns 8.07%. MOL Plc.'s direct and indirect influence over the Company is 94.86%.

During the year, the shareholder stake of the domestic institutional investors was 88.4%, while the stake of the foreign investors was near to 10%. The ownership share of private investors was not significant, reaching barely 1.7%. The company had no treasury shares in 2009 either. According to the resolution of the Annual General Meeting held on 16th April 2009, the company paid HUF 1,991,849,126 as dividend, which amounted to HUF 82 per share. The payment of dividend commenced on 3 June, 2009.

Ownership Structure as per the Share Register

| Description of owner | December 31, 2008 | | | December 31, 2009 | | |
|-------------------------------------|----------------------|------------------|----------------------|----------------------|------------------|----------------------|
| | Owner-ship ratio (%) | Voting ratio (%) | Holdings (of shares) | Owner-ship ratio (%) | Voting ratio (%) | Holdings (of shares) |
| Domestic institutional investors | 88.63 | 88.63 | 21,530,125 | 88.44 | 88.44 | 21,484,808 |
| Foreign institutional investors | 9.95 | 9.95 | 2,416,138 | 9.85 | 9.85 | 2,391,740 |
| Domestic private investors | 1.40 | 1.40 | 339,587 | 1.67 | 1.67 | 406,187 |
| Foreign private investors | 0.01 | 0.01 | 2,391 | 0.03 | 0.03 | 6,680 |
| Employees, senior officers | - | - | - | - | - | - |
| Treasury shares | - | - | - | - | - | - |
| Shares held by unidentified parties | 0.01 | 0.01 | 2,602 | 0.01 | 0.01 | 1,428 |
| TOTAL | 100.00 | 100.00 | 24,290,843 | 100.00 | 100.00 | 24,290,843 |

Shareholders with more than 5% interest

On December 31, 2009, as per Share Register

| Shareholder | Quantity (of shares) | Interest (%) | Voting ratio (%) |
|--|----------------------|--------------|------------------|
| MOL Hungarian Oil and Gas Public Limited Company | 21,083,142 | 86.79 | 86.79 |
| Slovnaft, a.s. | 1,959,243 | 8.07 | 8.07 |

Remark:

Please note that Share Register does not fully reflect the ownership structure as the registration of share ownership is not mandatory in Hungary.

In accordance with the resolution of 2009 Annual General Meeting, every ordinary share with a par value of HUF 1,010 (i.e. one thousand ten forint) entitles the holder thereof to have one and one hundredth vote.

1.3 SUBSIDIARIES

For the detailed list of the associated companies of TVK Plc. see Appendix no. 14.

Dissolution process of VIBA-TVK Kft. finished on 8 February, 2010.

Dissolution of TVK UK Ltd. started on 1 July, 2009.

2 ANALYSIS OF THE AUDITED BALANCE SHEET AND PROFIT & LOSS DATA OF TVK GROUP FOR THE YEARS 2008 AND 2009

For the purposes of the Business Report, the TVK Group level data mean the data of the TVK Plc. and its subsidiaries consolidated in compliance with the international financial reporting standards (IFRS). 7 subsidiaries, 1 affiliated business and 1 non-participating business were fully consolidated while 2 businesses were consolidated by the equity method.

2.1 PROFITABILITY AND PROFITS

HUF million

| Characteristic business indices | 2008 | 2009 |
|--|---------|---------|
| Total operating revenues | 323,622 | 267,421 |
| - of which net sales | 323,406 | 265,372 |
| Total operating expenses | 319,067 | 274,931 |
| Profit from operations | 4,555 | (7,510) |
| Financial income/expense, net(-) | (3,683) | (1,695) |
| Gain / (Loss) from associates | (18) | (71) |
| Profit before tax | 854 | (9,276) |
| Income tax expense (with deferred tax) | 1,000 | (84) |
| Profit for the year | (146) | (9,192) |
| Equity holders of the parent | (146) | (9,192) |
| Minority interests | 0 | 0 |

In the year 2009 the total operating income of TVK Group was by 17% lower than in the previous year, amounting to HUF 267,421 million. Within this other operating income amounts to HUF 2,049 million which is by HUF 1,833 million higher partly due to the exchange gain realized on accounts receivable and accounts payable due to the strengthening HUF rate and partly to the income from the sale of a part of the CO2 emission quota which quota surplus resulted from capacity underutilization.

In the year 2009 the consolidated TVK Group level sales income amounted to HUF 265,372 million that is HUF 58,034 million less than in the year 2008 owing to lower price and sales volumes which was partially mitigated by the increasing HUF rate.

TVK Group level material costs dropped by HUF 56,502 million (21%) to HUF 211,076 million reflecting the radical decline of the quoted price of raw materials used for producing monomers but the effect was compensated substantially by the depreciation of HUF against the dollar. In addition to this, the reduced quantity of the utilized feedstock, mainly because of the production losses due to the turnaround, also mitigated the costs. Energy costs declined by 12% despite the increased energy prices mainly because the amount of energy consumed was also lower due to the lower production and energy optimization.

Material type services used dropped by HUF 626 million (4%), and within this the amount of accounted agency fees dropped by HUF 175 million, of repair and maintenance costs by HUF 171 million, of the costs of recruiting workforce through temporary work agencies by HUF 127 million and of travelling and accommodation costs dropped by HUF 54 million. Transportation and warehousing costs are by HUF 86 million lower because of the lower sales volume and the modified tendering procedure of carriers.

The cost of the goods sold (COGS) is by HUF 1,521 million higher (25%) reflecting our cooperation with Slovnaft Petrochemicals s.r.o., where polymer products produced by Slovnaft Petrochemicals s.r.o. are sold by TVK. The purchasing costs of tar dropped by 21%. The positions appearing in the COGS are offset by sales.

Intermediated services increased significantly by the purchase of electricity for MOL Group through TVK power plant (TVK Erőmű Ltd.) in order to be able to optimize electricity purchase price. This cost was covered by revenue.

TVK Group level Personnel type expenses are HUF 415 million (4%) higher mainly because of the changes in the value of raised and utilized provisions, implemented wage increase and accruals.

Other operating costs dropped by HUF 263 (6%). Within this it causes a reduction of HUF 632 million that the exchange loss on receivables and liabilities was reported among the costs in the basis period while it was included as profit among the other incomes in the reporting period. The expense of HUF 471 million booked when accounting the 2008 emission quota increases the costs incurred in the year 2009.

The change of self manufactured inventories in the reporting period shows a decrease of HUF 60 million, mainly because the quantity of self manufactured inventories has significantly dropped compared to the opening balance at the beginning of the year, at the same time this effect was significantly mitigated by the surging prime costs as the feedstock was more expensive than naphtha in December 2008 entailing the appreciation of inventories.

Capitalized own performances totalled at HUF 1,073 million in the year 2009 as the costs incurred because of the reconstruction and refurbishing works during the turnaround period were transferred to the investments.

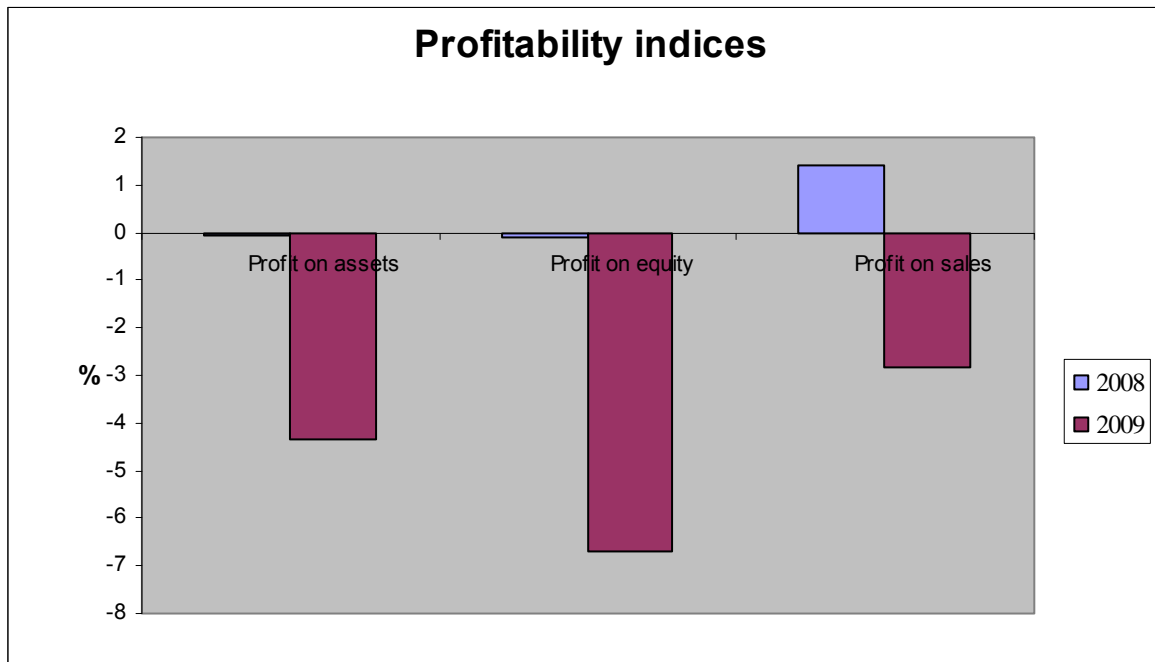
The TVK Group level operating losses (EBIT) amounted to HUF 7,510 million in the year 2009, whereas in the same period of 2008 profits amounted to HUF 4,555 million.

The net financial loss of the Group in the year 2009 amounted to HUF 1,695 million. This was a loss of HUF 3,683 million in the basis period. Exchange loss of HUF 305 million was accounted on FX loans received and other assets denominated in foreign exchange, compared to the exchange loss in the amount of HUF 1,566 million in 2008. HUF 485 million less interest and HUF 97 million less discount was paid and interest income increased by HUF 158 million.

In the year 2009 TVK Group income before taxes amounted to a loss of HUF 9,276 million with a tax liability of HUF 792 million. Deferred tax amounted to the negative figure of HUF 876 million and includes mainly the accrual of the negative tax base. Consolidated net income (loss) for the period in totalled at HUF 9,192 million.

Ratios that Measure Profitability:

| Profitability Ratios | 2008 | 2009 |
|--|--------|--------|
| Return on Assets (%) (Profit after tax/Total assets)*100 | (0.07) | (4.35) |
| Return on Equity (%) (After tax profit/Equity)*100 | (0.10) | (6.69) |
| Return on Sales (%) (Operating profit/Net sales income)*100 | 1.41 | (2.83) |

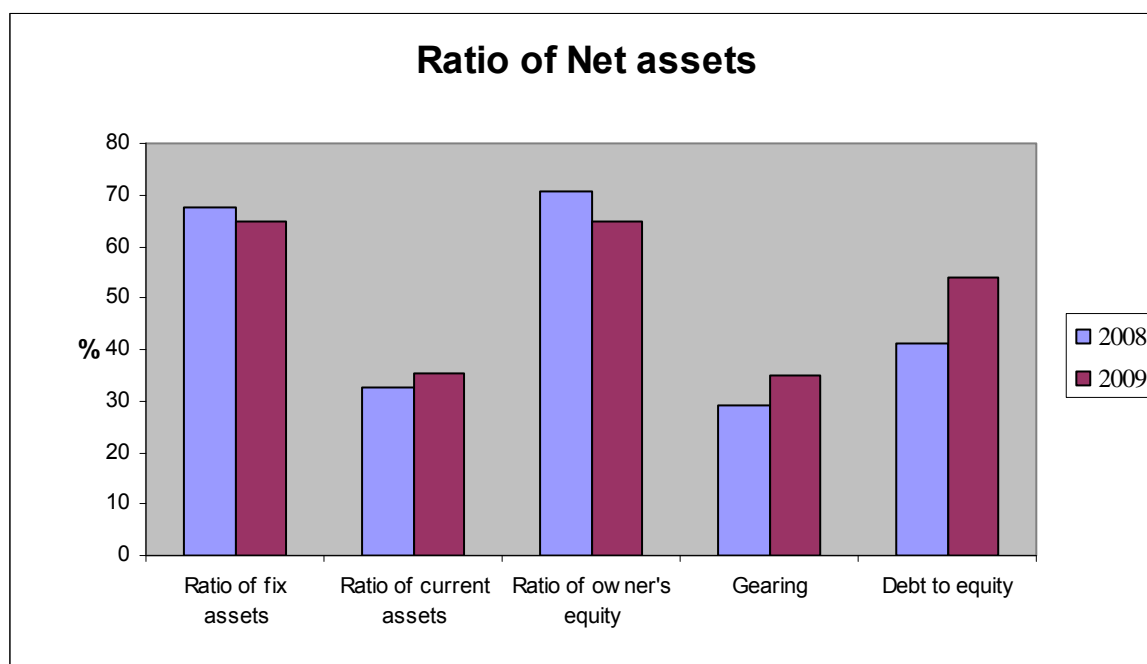


2.2 NET ASSET POSITION

Consolidated Balance Sheet total amounted to HUF 211.4 billion, HUF 1.6 billion higher than in the preceding year (Enclosure 7). The figure includes HUF 196.1 billion worth of total assets and liabilities at TVK Plc. and HUF 15.3 billion as the total amount of other TVK Group members.

Ratios that Measure Net Assets:

| Net Assets Ratios | 2008 | 2009 |
|--|-------|-------|
| Ratio of Fixed Assets (%) (Fixed assets /Total assets)*100 | 67.54 | 64.79 |
| Ratio of Current Assets (%) (Current assets/Total assets)*100 | 32.46 | 35.21 |
| Ratio of Owner's Equity (%) (Owner's Equity/Total sources)*100 | 70.81 | 64.99 |
| Gearing (%) (Liabilities/Total sources)*100 | 29.19 | 35.01 |
| Debt to Equity (%) (Liabilities/Owner' s Equity)*100 | 41.23 | 53.87 |



TVK Group total assets increased by 0.8% between December 31, 2008 and December 31, 2009 and reached HUF 211,404 million by the end of the year.

The consolidated value of non-current assets amounted to HUF 136,963 million as at December 31, 2009, 3% lower than on December 31, 2008 mainly due to the lower value - attributable to recognized depreciation – of tangible and intangible assets.

Current assets increased by 9% to HUF 74,441 million. Within the current assets inventories rose by 10% compared to the previous year. Self-manufactured inventories appreciated because of the purchase costs resulting from high feedstock prices, despite of the significant reduction of polymer finished product inventory, whereas olefin feedstock

quantity increased slightly. The value of accounts receivable increased by 17% compared to the previous year due to the significant increase of polymer selling prices and of the polymer quantities sold, taking into consideration the last two months affecting the changes in the accounts receivable. The amount of other current assets dropped by 14% due to the reduction of the revolving loan extended to the mother company, which was slightly mitigated by the increase of VAT receivable.

2.3 CHANGES IN FINANCIAL POSITION

Ratios that Measure Financial Position

| Financial Ratios | 2008 | 2009 |
|--|------|------|
| Liquidity ratio Current assets/Short term liabilities | 1.64 | 1.42 |
| Acid test ratio (Current assets-Stocks)/Short term liabilities | 1.47 | 1.28 |

The value of short term liabilities rose by 26% to HUF 52,254 million between December 31, 2008 and December 31, 2009. The reason of the increase is the revolving credit concluded with the mother company and the higher accounts payable due to the increase of the price and quantity of the feedstock purchased for the olefin plant in December, compared to the lower price and quantity purchased in December of the previous year. A reducing element was that from the mother company loan debt in the amount of EUR 50 million TVK repaid EUR 15 million until December 31, thus as at December 31 the credits dropped to EUR 35 million.

The portfolio of long term debts on December 31, 2009 was by about 8% lower than on December 31, 2008 and amounted to HUF 11,632 million and includes only the long term loans recorded in the books of the subsidiaries.

The other long term liabilities at December 31, 2009 were HUF 4,288 million mainly coming from forward transactions.

Deferred tax liabilities were HUF 3,547 million at the end of the 2009.

2.4 CHANGES IN THE SHARE CAPITAL AND RESERVES

HUF million

| | Opening balance | Change | Closing balance |
|-----------------------|-----------------|----------------|-----------------|
| Share capital | 24,534 | | 24,534 |
| Capital reserves | 15,022 | | 15,022 |
| Retained earnings | 109,097 | (2,138) | 106,959 |
| Translation reserves | 34 | 30 | 64 |
| Total reserves | 124,153 | (2,108) | 122,045 |

The decrease of the retained earnings contains the net profit/loss generated by the mother company, the consolidated companies in the previous year and the dividend payable after 2008.

3 PRODUCTION AND SALES BY BUSINESS DIVISION

3.1 OLEFIN BUSINESS UNIT

| Key figures Description | Unit | 2008 | 2009 | Variance (%) 2009/2008 |
|-------------------------------------|-------------|---------|---------|---------------------------|
| Use of naphtha* | kt | 1,548.1 | 1,445.2 | 93.4 |
| Use of gas oil | kt | 59.7 | 52.5 | 87.9 |
| Ethylene purchase | kt | 1.7 | 0.0 | 0.0 |
| Propylene purchase | kt | 3.5 | 5.6 | 160.0 |
| Ethylene production (gross) | kt | 606.4 | 565.5 | 93.3 |
| Propylene production (gross) | kt | 309.5 | 293.1 | 94.7 |
| Capacity utilization (for ethylene) | % | 91.9 | 85.7 | 93.3 |
| Ethylene sales | kt | 142.6 | 98.7 | 69.2 |
| Propylene sales | kt | 22.8 | 22.9 | 100.4 |
| Net sales | HUF million | 108,923 | 72,487 | 66.5 |
| Domestic | HUF million | 102,680 | 67,742 | 66.0 |
| Export | HUF million | 6,243 | 4,745 | 76.0 |

*includes the usage of light hydrocarbons.

The two most important olefin products are ethylene and propylene.

In 2009, despite the shutdown and the reconstruction, the ethylene production of Olefin 1 Plant was less only by 4% compared to previous year. This was due to the unfavourable pyrolysis raw material supply and the shutdowns, which caused lower production in case of normal working method in 2008. Because of the technological failures and the unfavourable pyrolysis raw material supply, Olefin 2 Plant produced less by 10% compared to previous year, when the ethylene production was equal with the plant's rated capacity (290 kt).

Because of the lower BorsodChem demand, the domestic ethylene sales was the 69% of the 2008 year's same value. The export propylene sales reached the level of 2008.

5.6 kt of propylene were purchased to the production of polymer plants, when the Olefin 1 Plant was shut down.

The raw material for pyrolysis was supplied by MOL Group.

3.2 POLYMER BUSINESS UNIT

3.2.1 LDPE

| Key figures Description | Unit | 2008 | 2009 | Variance 2009/2008 % |
|----------------------------|-------------|--------|--------|----------------------------|
| Volumes produced | kt | 88.9 | 66.4 | 74.7 |
| Capacity utilisation | % | 91.7 | 92.7 | 101.1 |
| Sales | kt | 88.8 | 79.6 | 89.6 |
| Domestic | kt | 38.8 | 36.6 | 94.3 |
| Exports | kt | 50.0 | 43.0 | 86.0 |
| Net sales revenues | HUF million | 25,517 | 18,629 | 73.0 |
| Domestic | HUF million | 10,799 | 8,334 | 77.2 |
| Exports | HUF million | 14,718 | 10,295 | 69.9 |
| Sales structure | | | | |
| Domestic | HUF million | 10,799 | 8,334 | 77.2 |
| Europe | HUF million | 14,419 | 10,115 | 70.2 |
| Outside Europe | HUF million | 299 | 180 | 60.2 |

3.2.2 HDPE

| Key figures Description | Unit | 2008 | 2009 | Variance 2009/2008 % |
|----------------------------|-------------|---------|--------|----------------------------|
| Volumes produced | kt | 361.0 | 387.5 | 107.3 |
| Capacity utilisation | % | 85.8 | 92.1 | 107.3 |
| Sales | kt | 360.8 | 393.7 | 109.1 |
| Domestic | kt | 36.1 | 38.9 | 107.8 |
| Exports | kt | 324.7 | 354.8 | 109.3 |
| Net sales revenues | HUF million | 104,109 | 91,296 | 87.7 |
| Domestic | HUF million | 10,138 | 8,920 | 88.0 |
| Exports | HUF million | 93,971 | 82,376 | 87.7 |
| Sales structure | | | | |
| Domestic | HUF million | 10,138 | 8,920 | 88.0 |
| Europe | HUF million | 90,845 | 75,301 | 82.9 |
| Outside Europe | HUF million | 3,126 | 7,075 | 226.3 |

3.2.3 PP

| Key figures Description | Unit | 2008 | 2009 | Variance 2009/2008 % |
|----------------------------|-------------|--------|--------|----------------------------|
| Volumes produced | kt | 282.7 | 269.9 | 95.5 |
| Capacity utilisation | % | 101.0 | 96.4 | 95.4 |
| Sales | kt | 283.5 | 275.7 | 97.2 |
| Domestic | kt | 138.0 | 127.0 | 92.0 |
| Exports | kt | 145.5 | 148.7 | 102.2 |
| Net sales revenues | HUF million | 76,399 | 59,169 | 77.4 |
| Domestic | HUF million | 35,266 | 25,779 | 73.1 |
| Exports | HUF million | 41,133 | 33,390 | 81.2 |
| Sales structure | | | | |
| Domestic | HUF million | 35,266 | 25,779 | 73.1 |
| Europe | HUF million | 39,495 | 31,306 | 79.3 |
| Outside Europe | HUF million | 1,638 | 2,084 | 127.2 |

The total polymer production amounted to 723.8 kt in 2009 that is lower than in the previous year by 8.8 kt. In this year, production was lower in case of LDPE and PP product segment, while in case of HDPE products, the production was higher than in 2008. Because of LDPE1 Plant shutdown, the production of LDPE decreased to the greatest extent. The polymer plants used the available monomers in accordance with the optimisation of customer and product portfolio.

2009 sales amounted to 749.0 kt, which is higher than in the previous year by 15.9 kt. Except for HDPE, sales lessened in each product segment. In case of LDPE products, due to the LDPE-1 Plant shutdown, the sales decreased. The extent of decrease was mitigated by the domestic sales of LDPE goods, which was purchased from Slovnaft Petrochemicals s.r.o. (12.7 kt).

73% of total sales, or 546.5 kt, were realised on export markets, while 27%, or 202.5 kt were sold on domestic markets.

The net income from polymer sales amounted to HUF 169.0 billion in 2009, which is lower than in 2008 (HUF 206.0 billion) by HUF 37.0 billion. Lower quoted polymer prices had an unfavourable impact on the revenue of the Company.

In 2009 export sales continued to focus onto the European markets, which means that 93% of the export sales income was realized in Europe and 7% was realized outside Europe.

Appendix no. 12 gives a comprehensive overview of the production and capacity utilization in the polymer segment furthermore about the sales revenues.

4 CAPITAL AND DEVELOPMENT PROJECTS

4.1 CHANGES IN CAPITAL EXPENDITURE

Changes in capital expenditure of TVK's Group in 2009

| Description | HUF million |
|--|--|
| | Value of Capital expenditures and Development Projects |
| Grand total: | 8,223 |
| I. Individual projects | 4,112 |
| Olefin-1 reconstruction | 3,184 |
| Olefin-1 development | 277 |
| HDPE-2 Oligomer removing system | 5 |
| HDPE-1 revamp | 136 |
| The increase of the operation reliability of the electric supply system | 272 |
| The preparation of new projects | 23 |
| LDPE-2 environment protection improvement | 97 |
| Olefin-2, HDPE-2 recirculation cooling circle additional water filter change | 89 |
| Purchase of laboratory equipment | 14 |
| Wastewater sludge treatment | 12 |
| Recovery of hydrocarbon gases – stage 1 | 3 |
| II. Maintenance projects and refurbishments | 2,642 |
| Capital expenditures into and refurbishment of operating assets | 1,726 |
| Capital expenditures and refurbishments to support operations | 773 |
| Infrastructure projects and renovations | 81 |
| Safety engineering development | 59 |
| Environmental projects | 3 |
| III. Other development projects | 387 |
| Purchase of catalyst | 260 |
| Information technology and other projects related to the management segment | 127 |
| IV. Planned general overhaul | 996 |
| V. Capital expenditures of subsidiaries | 86 |

In 2009, the maintenance projects renovations represented efficiency improvement individual projects a value of HUF 4,112 million and the major part of investments in a value of HUF 2,642 million. We spent HUF 387 million on other development projects, within which value of Olefin-1, Olefin-2 and HDPE-2 catalyst purchase was HUF 260 million.

4.2 DETAILS OF INDIVIDUAL PROJECTS OF TVK-GROUP IN 2009

The strict cost reduction program launched to compensate the negative impact of the general economic downturn protracting to the year 2009 has basically determined the nature and content of our annual project development and project implementation activities.

Instead of a low number but high-value technology and production development projects (like the processing of olefin by-products) we deliberately concentrated on projects aimed at the efficiency improvement of petrochemical production, at the diversification of our product portfolio, at the management of operational safety and of the risks jeopardizing health and environment. Of course we also had to keep tasks ensuring the fulfilment of authority regulations in mind. In the course of the evaluation of the continuation or re-scheduling of projects launched earlier and before launching new topics we were consequently sticking to the aforementioned principles.

In order to improve the efficiency of the Olefin-1 plant we launched **O-1 Development project**, a capacity enlargement project of the F1009 ethane furnace in the year 2008. The essence of the project is to implement a qualitative shift by the more valuable processing of ethane being used as fuel at the present. Beside the contract concluded earlier for the basic design activities summer 2009 we concluded a further contract with Linde for the detailed design and purchasing activities. We consult with Linde continuously and design activities and the common selection of main suppliers progress as planned.

When we launched the topic **Heat recovery from the flue gases of the F8001 boiler** our goal was to improve the efficiency of the Olefin-1 plant. By involving external specialized companies we examined and compared potential technical solutions, we invited designers to submit their offers and we prepare detailed calculations of profitability.

An approach searching for the reduction of losses and for improvement possibilities is reflected by the **cracked gas pipeline installation project between the O-1 and O-2 plant** launched in the course of the year. Our goal is that after the shutdown of any of the olefin plants, a part of the high quantity of gases that are inevitably diverted to the flare in the start-up phase shall be used in the operating other plant for technological or heating purposes. For this we install an interconnecting pipeline between the two plants, with the necessary fittings and control units. We placed an order with Linde for the elaboration of the technical content and for the preparation of the detailed design we selected a Hungarian partner by calling for bids. As we had to adapt the lead time of the project to the turnaround period planned for the year 2010, after the approval (September 2009) we immediately organized and completed, together with the Purchasing Department, the tendering of suppliers for equipment and materials with long lead time. We have selected the subcontractor as well, and in general we created the preconditions for the successful and on-time implementation of the project.

Based on our commitment for safety and on principles of economic efficiency we initiated also in the course of 2009 the project **Installation of butterfly valves into the cracked gas pipelines of the O-2 plant**. One of the main challenges of the project is also the limited lead time, as the installation of the valves is possible during the turnaround shutdown in 2010 only. We have selected the designer and the valve supplier and

concluded a contract for the installation works. The progress realized so far guarantees successful completion.

We continued the project launched in the year 2008 for the **Improvement of the reliability of electricity supply**. This topic is important in terms of operational safety, because due to the significant new production capacities installed during the recent years the energy consumption and the utilization of the electricity supply systems of TVK increased significantly and thus supply-related risk increased. Because of this, in addition to the existing transformers of the receiving stations I. and II. we decided to install one new transformer each. The design, approval, purchasing and on-site preparation activities scheduled for the year 2009 progressed as planned in case of both receiving stations to be extended. The manufacturer manufactured and delivered the transformer No. 1. The erection, test run and final acceptance of the transformer was successful. Transformer No. 2 will be manufactured and installed in the year 2010.

Our commitment for health and environment and obligations specified by authorities are the reason for some important projects.

One of them is the **LDPE-2 environment protection improvement** project launched in 2008 but essentially implemented in 2009. The goal of the project is to neutralize ethylene released from the pellets after the production of LD type polymers. For this we selected a thermo-catalytic burner incineration technology. This technology was delivered, successfully installed and commissioned during the year. With the project implementation we managed to reduce the ethylene content of the gases released close to zero and this by operating a very economical process.

Partially also the **Quench oil preheating and unloading station reconstruction and extension** project is also one project of this kind, which was essentially implemented in 2008, but closed in terms of technical and financial aspects in 2009. In addition to the reconstruction of three older unloading and five preheating stations of railway tank cars and to the construction of two, state-of-the art unloading stations, the project also covers the collection of CH gases released and their incineration in the flare of the unloading station. With this we further reduce the environmental load that was below the limit also up to this date. The project is economically also profitable, as we save steam due to the modernized unloading.

With the **Recovery of hydrocarbon gases** project we pursue similar purposes. In this project we plan to recover gases released during the loading of propylene into railway tank wagons and during unloading LPG products from the tank wagons. These gases are sent to the flare at the present. In 2009 the basic design of the propylene loading was implemented, we called for bids for technical design and selected the design partner. We plan to implement the project, depending on our financial possibilities, in 2011.

We launched the **Wastewater sludge treatment** project on the basis of the mandatory regulations of the environment authority. The goal is the disposal of the sludge resulting from the treatment of industrial water in line with the authority regulations. We ordered the relevant study and principal licensing documentation from the Technical College of Budapest and called for bids for the design and implementation works. At the end of 2009 we had a complete technical documentation and also the delivery of the equipment started. The project will be implemented in the year 2010.

The goal of the topic **HDPE-1 reconstruction and capacity enlargement** is the improvement of the efficiency of polymer production and the diversification of our product portfolio. The project is of pressing necessity, as the oldest polymer production unit of TVK needs overall reconstruction, at the same time both economic and commercial arguments call for the increase of the HDPE-1 product yield and ethylene utilization. The project is a good chance to modernize the HDPE product portfolio as well.

In 2009 we completed stage 1 of the project. We consulted the licensor Chevron-Phillips Chemicals and requested a PDP (Product Design Package) for the extension of the

polymerisation section and asked Coperion GmbH to submit a feasibility study about the extension of the pneumatic conveying system. We initiated the selection procedure of a new, high-capacity extruder for the pelletizing of the planned, among others bimodal grades. The continuation of the project preparation and the project implementation is a priority task of the next period to come.

We continued the projects launched in 2008 in connection with MegaJoule topics: the **installation of a gravel bed water filter for the make-up water supply of the common cooling water system of the Olefin-2 and HDPE-2 plants**. In 2009 specific design, construction, installation, commissioning and final approval activities have been carried out. Following the acceptance in June the system is operating continuously and in a reliable way and ensures as planned that deposits and thus corrosion, the frequency of the cleaning of heat exchangers and the consumption of cleaning agents in the O-2 and HDPE-2 technological systems drop significantly.

The projects and project phases planned and approved for 2009 have been completed within the deadline. The degree of preparation of projects planned and proposed for the next time period is also in accordance with the plans.

4.3 PROJECTS ENSURING CONTINUOUS OPERATION

From among the projects and renovations initiated in 2009 the value of production and production supporting projects was the highest: HUF 2,499 million, which represented almost 95% of the total project value. HUF 81 million was spent on infrastructural projects and HUF 3 million was expenditure on environment projects.

The following major production and production supporting projects were realized in 2009:

Major production, production enhancement works in 2009

- Renewal of Olefin-1 furnace F 1008
- Replacement of Olefin-1 ABC pipe bundle E-1502
- Renewal of Olefin-1 furnace quench coolers F1021
- Renewal of HDPE-1 transportation control equipment of Natur chippings breaker
- Renewal of HDPE-1 extruder driving gear X1502
- Replacement of Olefin-2 reactor fluid-dispenser R-7261B
- Renewal of LDPE-2 hyper-compressor 2KC2
- Renewal of Storage Tanks' water-curtain and flare-line
- Duplication of PP-3 catalyst dispersion D-3106
- Replacement of LDPE-2 primer compressor heat-exchanger pipe bundle 2KC1
- Insurance of HDPE-2 phase-corrector separation
- Renewal of HDPE-1 level-indicator
- Replacement of HDPE-1 radiation source

5 ENVIRONMENT, ENVIRONMENT TECHNOLOGY

5.1 PROTECTION OF THE ELEMENTS OF ENVIRONMENT

Protection of the cleanliness of the air

Emission

The process related pollutant emission of the plants complied with the valid emission limits on the basis of the emission measurements.

We spent HUF 1.85 million on the monitoring of air pollution point sources in 2009.

We check up the static point sources with periodic measurements made according to the legal regulations and with a frequency required by the authorities. We involve accredited laboratories to perform these measurements.

Immission

Our immission was under the given limit value in 2009.

Waste handling

The opening stock of hazardous wastes was 0.3 tons in 2009. The quantity of the hazardous wastes generated in the course of the year was 2,461 tons.

In case of non-hazardous wastes the same indices are: opening inventory 13.1 tons, total annual quantity produced: 4,806 tons.

The quantity of (hazardous and non-hazardous) wastes produced during normal operation was 2,326 tons. The cost of the treatment (decontamination, utilization) of hazardous wastes was HUF 56 million. In the course of the investment, maintenance activities some 4,883 tons of wastes were produced. The majority of these wastes was utilized, resulting in sales amounting to HUF 24.5 million for the Company.

In 2009, a tender was invited for the treatment of hazardous and non-hazardous wastes (decontamination, utilization).

In case of every type of waste, cost-effectiveness and followableness of wastes' course of life were ensured by the requisition of our active and passive partners' services.

No fines can be expected in connection with the waste management activity of TVK Plc. in 2009.

Protection of the water quality

Neither the wastewater tests performed during the year by the authorities nor the self-tests identified higher concentration of pollutants in the treated effluents discharged in River Tisza than allowed therefore no fine is expected regarding the effluents discharged in 2009.

An amount of HUF 331 million was spent on the treatment of contaminated water.

5.2 MANAGEMENT OF ENVIRONMENT PROTECTION OBLIGATIONS RESULTING FROM PAST ACTIVITIES

The Technical Response Plan Documentation submitted in order to meet the requirements of the authority concerned has been prepared in line with the effective legal regulations and included the short- and medium-term practical steps of the strategy and their planned scheduling required for the compliance with environment law and for the standardized management of environment responsibility all over the area of TVK-TIFO. The Company and MOL Plc. provide, within the frame of an integrated project, for the management of obligations resulting from past activities. Joint responsibility has been stipulated by TVK Plc. and MOL Plc. in the Cooperation Agreement signed July 2006.

The followings are the environment protection related obligations that we are aware of:

- ongoing waste treatment tasks,
- ongoing soil and ground water decontamination tasks,
- execution of supplementary tests,
- monitoring activity,
- follow-ups after completed decontamination activities.

5.2.1 Ongoing waste treatment tasks

At present the following waste treatment projects are in process:

- Re-cultivation of caustic sludge storages,
- Re-cultivation of wastewater emergency reservoirs of the Olefin plant and of the paint factory.

The lime sludge storages have been emptied and the industrial utilization of lime sludge has also been finished. The technical part of the project was closed on December 31, 2007. The closing document of the technical intervention and the recultivation were submitted to the Authority in April, which accepted them with its resolution No. 10605-7/2008.

According to the recultivation plan, on the area located south of the Sajó channel, we have to finish the recultivation of the lime sludge storages and the preliminary activities of integration of the lime sludge storages into the landscape until October, 2011. The implementing activities will have to be started in 2012. For these activities, we have foreseen provisions in the amount of HUF 220 million.

The in-situ handling of the so-called “former paint factory and olefin plant” emergency storages started on the basis of the authority permit for the demolition of these facilities in the year 2006. The project progressed continuously through 2007. The closing documents required for the closing of the task have been prepared and forwarded to Authority. The Authority’s resolution about the approval, which contains that the intervention is finished, was born on April 2009.

5.2.2 Ongoing soil and ground water decontamination tasks

At present the following soil and ground water decontamination tasks are in process:

- Technical response in the area south of the Sajó channel of TVK Plc.
- Decontamination of the tank yard of the olefin plant and of the area of the emergency reservoirs,

- Technical response in the railway loading – unloading area.

On the area situated south of the Sajó channel (area of the tank farm and emergency storages) the decontamination is going on also at the present, with the technical content of the operating instructions accepted by the authority. Safe operation can be ensured along the old pipe routing with a daily water withdrawal of 500-600 m³ /day. The groundwater produced by the decontamination system is drained directly into the wastewater plant of TIFO.

In 2009 the technical intervention was going on as a test of an innovative technology and for the operation of the decontaminating system of the railway loading and unloading station.

5.2.3 Implementation of the complementary examinations

The main emphasis was on the localization of the groundwater contamination: within the battery limits of the Company, on the south, the prevention of the propagation of further contamination is being prevented.

The establishment of a risk-based strategic concept, required because of the dimensions of the contaminated area and the dimension of the problem, for the standardized management of the environment responsibility of the industrial sites of TVK-TIFO continued with the involvement of an external expert. Significant steps have been made in order to get to know further quantitative and qualitative parameters of the contamination, its geographic propagation, the dynamics of the dissolved plume.

December 2006 the Authority issued, in connection with the complex Technical Response Plan, a resolution to be executed by putting TVK-MOL under joint obligation, covering the whole territory of TVK-TIFO. The Resolution approved the short- and medium term work plan of the two companies with the principal objective of the management of obligations on risk basis. The work plan continuously optimizes environment expenditures, contamination management solutions and will create as one of the first significant milestones a complete risk map by the beginning of 2009.

The TVK-TIFO site's exploration of facts and its complementary information were prepared and submitted to ÉMIKÖTEVIFE by BGT Hungária Kft in 2009. On the basis of these documents, the Authority, with its resolution No. 9582-24/2009 prescribed the continuation of exploration and the actual technical tasks of restoration with joint responsibility. The lodging deadline of the exploration's closing documents is on December, 2012.

The quantitative risk assessment has been carried out during 2008 and on the basis of the momentary findings agricultural, ecological and human exposure-related risks which could be traced back to the contamination of the subsurface medium on the area of the industrial complex cannot be anticipated. Nevertheless it is necessary to update the input information of the risk assessment continuously, therefore, as of 2009, the chemical analytic monitoring program was supplemented with a soil-gas part being significant for human health and a biological monitoring part in order to map the long term impact on the fauna and flora.

During 2009, the Company continued the mapping up of the resources, geological structure of the site and the water streams and it started to integrate them into the hydrodynamic transport model. On the basis of surveys, the original extension of environmental pollution was determined. In case of areas, which are between TVK's and TIFO's sites, we will start the treatment actions of wastes after the closing of exploration. By reason of joint responsibility, on these areas the extent of liability was revised.

TVK Nyrt, in order to select potential technical interventions has set up a research project and TVK Nyrt, as a consortium member, successfully participated in the tender "For a

Liveable Environment” published by the National Technological Research Agency. In the research program our target was to prevent the transport of contamination in the 16-32 m deep water bearing zone and to investigate methods that can be used for the reduction of the concentration of contamination.

With the information being updated continuously environmental goals and the priorities of their implementation can be re-defined in the medium term. The figures of our obligations will, like in the past, reflect all new or modified information resulting from the implementation of the work schedule.

In the year 2009 the following soil and groundwater decontamination tasks were in progress:

- Technical intervention on the area located south of the TVK Sajó channel
 1. Decontamination of the area of the tank farm and emergency storages of the Olefin plant,
- Technical intervention and testing of the innovative technology in the area of the railway loading and unloading station
- Other projects planned in connection with the implementation of the TRP:
 - Investigation of possibilities to utilize hydrocarbon phase that is more heavy than water
 - Building and calibration of the numeric water streaming and transport model
 - Review and identification of innovative environmental remediation technologies
 - Technical inspection of decontamination projects by external experts
 - Identification, design and testing of potential methods of recultivation in the area of the emergency storages, and lime-sludge storages
- Monitoring activity
 1. Plume dynamics monitoring
 2. Monitoring of the area of the railway loading-unloading station and of the north-west plume
 3. Monitoring of the tank yard of the Olefin plant and of the emergency storage area

5.2.4 Follow-ups after completed decontamination activities

- Follow-up of the area of the new water softener,
- Inspection of the area of AKZO Nobel

We have received the resolution about the approval of the area of the new water softening plant. The follow-up monitoring program specified in the resolution was integrated into the monitoring program.

The monitoring program applying to the area of AKZO Nobel was implemented according to the schedule, we have submitted the documents evaluating the years 2007-2008 to the Authority in November. The Authority prescribed the continuation of follow-up monitoring.

6 QUALITY MANAGEMENT

QUALITY is more for us than the quality of our products. Our goals are to satisfy the requirements of our clients (e.g. transportation, service-department), establish close cooperation with our suppliers, and develop continuously our intern processes.

New challenges, like changes caused by globalization, sustainable development request the quality management organization to live up to new requirements, therefore we worded the quality aspect as one of the most important core values in the management and operation and in the relationship of our Company with its societal and economic environment.

In line with the new, process-oriented expectations we modify, actualize continuously our regulation system. We endeavour to ensure the measurability and verifiability.

The transformation took place in accordance with a strictly supervised schedule that helps us to keep up the continuity of operation and control. The conversion makes possible:

- the further development of the control systems ,
- the deepening of integration,
- the application of key-efficiency indicator,
- the taking into consideration of new requirements.

In March 2009, SGS Hungária Kft. successfully audited the integrated management system operating at our company (In case of ISO 9001 this audit was a supervisory audit, while in case of ISO 14001 and OHSAS 18001 it was a novatory audit).

We endeavor to establish and maintain good relationship. We build on the remarks, opinion, proposals of our clients and suppliers. We made questionnaires to estimate the claims of our customers, who operate on the field of automotive industry and it's relating sectors. This survey helped us to improve our integrated control system. The most important inputs of our development projects were the information provided by these projects.

We continuously keep track of changes happening in the area of quality management and are applying the instruments and technologies (8D, SPC) available on a broad scale.

Process-safety Management System (PMS) of the Company was established, whose full documentation is integrated part of our regulation system.

In the course of the operation of our accredited laboratories the monitoring audit of the Testing Laboratory of the Technical Inspectorate and the monitoring audit of the Central Laboratory according to standard MSZ EN ISO/IEC 17025:2005 performed by NAT was a significant taks. The audit was successful in both cases. We continuously make sure that our laboratories are independent and impartial.

The integrated management system furthermore the operation of the accredited laboratories in accordance with the requirements of the standard was regularly checked by internal integrated system audits. At the audits prevention and the propagation of "best practices" were emphasized. We monitored the implementation of outsourced activities related to the operation of the Company by means of planned and if necessary, by means of ad hoc audits. We have checked the implementation and introduction of the actions taken for the elimination of the non-conformities found.

TVK Plc. has been measuring customer satisfaction for years consciously. In the frame of this almost 500 partners were interviewed at the end of 2009. The purpose of the survey was to identify the strong areas as well as the areas needing development and to monitor the effects of the corrective measures taken as the result of the survey. After the analysis of the information new action plans will be prepared.

The Company still considers the maintenance of innovative approach and the involvement of employees and workers into development projects a task of priority. The Support System for Ideas has been operating successfully since ten years at our Company with the main objective to recognize, unveil ideas, proposals of employees, workers for a more efficient and safe operation. Resulting from the system we realized significant savings in 2009 as well.

7 HUMAN RESOURCES MANAGEMENT

In order to improve the efficiency of the Company and in line with the regulations of integrated operation we have implemented the following changes in the organization of the Company, and simultaneously also the Operational and Organisational Rules was modified:

As from February 1, under the Business Management and Financial Directorate the organizational unit Corporate Services has been created, in accordance with the integrated group-level structure. Under Corporate Services further organizations have been created - Asset and Service Management, Facility Management and Property Management. At the same time Warehousing and Stock Management was renamed (new name: Stock and Warehouse Management), Passenger Traffic (new name: Transportation) and Administration (new name: Information and Document Services) and the renamed units were subordinated to Asset and Service Management and their respective organizational descriptions were modified accordingly. The organisational change resulted in the increase of the headcount of TVK Plc. by 7 persons.

In line with the practice of previous years the company maintained the **HAY** job evaluation system also in the year 2009, which ensures on corporate and MOL Group level the evaluation and classification of jobs on the basis of identical criteria.

In the year 2009 the top management of the company dedicated special attention to the career management system (**CMS**) among managers and specialists.

The main objectives of the career management system are formal, targeted succession planning repeated on annual basis, the determination of development needs on individual and organizational level and the planning of rotations. Accordingly assessments and career planning were carried out in 2009 as well, with the involvement of 176 employees and workers in that year. Superiors examined the following aspects in the course of the process: the performance of the employees, their professional and other competences, and the job the colleague concerned would be eligible for in the short-, medium- and long-run and who could substitute her/him on the same time horizon and what kind of trainings colleagues need for further development. Assessments and succession candidates were reviewed and harmonized by top managers both in the Business and Functional fields.

Continued also this year the STAFÉTA program, aiming at ensuring the accorded succession of foremen and leading system operators, was launched in the polymer and olefin plants. The system operators and leading system operators participating in the program are rotated in the various plants of the TVK Plc. and take part in trainings which help them in their carrier advancement. At the present 11 people take part in the program. In the first three class of STAFÉTA totally 64 people finished their studies.

In 2009 the first evaluation of the Performance Evaluation System introduced in 2008 embracing all employees and workers and the related payment based on 9% of the annual base wage of the employees and workers was carried out and paid, respectively. After the payment the team participating in the creation of the system made proposals regarding minor modifications of the system approved by the management.

In 2009, within the frame of the MOL Group level program (**Growww**) 5 new university graduates started to work in the trainee program running at the Company and three new graduates were awarded specific jobs by job application. Coaches help their integration, who follow and support their personal and professional development in the course of the year. In the year 2009 the Group level "Induction days" program was organized again, where program participants had the chance to become familiar with the divisions,

managers of the MOL Group, and with other new colleagues who just graduated from the university.

At the same time career starters had the chance to participate in the “Business Education Program” as well, where they could listen to presentations given in English about the function, results, vision and strategy of various divisions. Young professionals could become familiar with the processes, organizational units and function of the company in rotation. As the closure of rotations they report about the solution of the tasks defined for them.

From the new university graduates joining the company in 2008 all eight of them remained at the company also after the expiry of their one year work contract.

In 2009, the average wage growth of the employees shows an increase of 1.4% compared to the previous year. The employer raised basic wage two times in accordance with the wage agreement concluded in 2006 and covering three years (2007-2009): as of January 1, 2009 a wage raise of 1.9% and as of November 1, 2009 a wage increase of 1.8%. In the benefit package the ratio of benefits related to performance increased further, compared to non-performance based elements. In the light of the difficult economic situation in 2009 we used our best efforts to utilize wages costs in an efficiency way and thus we reduced our spending on extraordinary work and on other occasional bonuses significantly. Consequently the extent of the average wage rise was lower than the extent of the base wage rise realized.

The payment of optional fringe benefits was effected in accordance with the stipulations of the wage agreement covering the period of the years 2007 to 2009.

As regards training, our strategic aim continues to be to ensure skilled staff. In line with the strategic focal points professional trainings and trainings required by the authorities complement complex training programs created according to the target groups, supporting competence development and knowledge sharing. Rotations and specific case studies presented by the members of the management facilitate the cooperation of colleagues and the sharing of experiences.

More than 500 employees participated at the training-development programs, and we spent altogether HUF 75 million thereon.

In cooperation with the Erdey-Grúz Tibor Chemical Secondary School the education of general chemical technicians continued. At the present 40 MOL Group employee attend a training. Theoretical training and the practical training takes at the Company.

TVK wishes to make sure that there is a sufficient number of young professionals in the long run and therefore we founded together with the University of Miskolc and Debrecen a TVK Department each, on January 2009. The target of cooperation agreements is to develop and facilitate the university-level education of professionals for the chemical industry in the region and to support chemical research and development.

To the debit of the contribution for vocational education, we provided development support to universities, colleges and secondary schools.

Like in former years, the Company concluded a collective life and accident insurance covering every employee.

The average full-time corporate headcount was in the year 2009 (1,153 people in 2008) 1,158 people, and the closing headcount was 1,139 people on December 31, 2009.

8 MARKETING COMMUNICATION AND SOCIAL PRESENCE

Our Company as member of the MOL Group pays special attention to familiarizing our actions and programs in the field of corporate social responsibility with the inhabitants of the country and of our region and with professionals. Our integrated communication strategy embraces liaising with the representatives of the media, sponsoring and facilitation, supporting professional and training programs and the organization of our presence there, publications, the operation of our website and of our intranet platform and the application of other communication tools that are most expedient for the purpose in order to stay continuously in touch and to promote efficient information flow. In order to demonstrate our efforts in terms of sustainable development, in accordance with the long-term succession objectives of the Company, we used new methods and solutions in the communication with the pupils of the region who were to decide about their profession to choose.

For the sake of supporting the group-level integrated operation and to ensure the continuous improvement of the efficiency ratios we support with enhanced attention the activities of Human Resource with the internal communication. We promote the development of a multicultural company atmosphere and the multi-directional communication with our internal communication tools and practices while – in addition to supporting the operation of the organization – we supplement the activity of Human Resources aiming at increasing the satisfaction of employees by the organization of company events.

Like in the previous years, also in the year 2009 we played an outstanding role in the support of the actors of our society. Last year we supported numerous events, programs, associations, organizations, institutions and individuals in the fields of education, culture, arts, sport and sciences to achieve their goals. An important feature of these supports is that we maintain a long-term relationship with those achieving outstanding results. The management of our company handed over in the year 2009 forth time the service recognition awards to the workers of TVK on the occasion of a formal dinner.

Despite the hard economic situation, we kept traditional internal corporate programs in 2009, - June program and Autumn Sport Day (this time it was called STEP Day) -, hereinafter our employees will have the possibility to attend MOL-Group programs (MOL-Group Summer party, visit to the Museum of Fine Arts, Christmas concert) as well.

Among the sponsorship programs the XIII. jubilee TVK Triathlon World Cup and the related XI. jubilee TVK Triathlon Grand Week were the most important. Other sponsorships: TVSE Canoeing Association, TVK-MALI Triathlon Club and Sebestyén Júlia.

By supporting the Miskolc National Theater, the Piano Festival of Tiszadob and the International Opera Festival of Miskolc the Company contributes to the organization of quality programs in the region year by year. As a devoted sponsor of sciences we support the operation of the Hungarian Museum of Chemistry and of the Herman Ottó Museum.

The cooperation with educational institutes and supporting their activity shall also be mentioned here. The information program launched at the schools of the region within the project "Within one day around TVK" might considerably improve the image of our Company in terms of environment. At the same time the project might also contribute to the mitigation of the problems of the Company related to the recruitment of new, young professionals. Due to the favourable results of this program, we plan to continue it in 2010, as well.

The „For the Future of Tiszaújváros” Foundation supported the outstanding programs and personalities having a major role in the life and adding to the reputation of the town together with the local government. The „TVK For the Development of the Dél-Borsod Region” Foundation aims at promoting the closing up of the Dél-Borsod region basically in the field of welfare, education and health care.

9 CONSOLIDATED COMPANIES

The key financial data of the consolidated companies is listed in Enclosure no 15.

9.1 TVK INGATLANKEZELŐ KFT

In May 1998, TVK Rt established TVK Ingatlankezelő Kft. for the utilisation of certain properties. The issued capital of the company as of 31 December 1998 was HUF 2,638 million and comprised of HUF 2,134 million contribution in kind and 504 million cash contribution. The company is in charge of refurbishment and utilisation through leasing or similar arrangements. In June 2002, Flexofol Kft. was merged into TVK Ingatlankezelő Kft. The company has been in charge of operating TVK Rt's welfare properties since 2002. The company's property and plant management activity has been outsourced to MOL Rt. since 1 July 2004. The company's equity as of 31 December 2009 was HUF 3,193 million.

9.2 TVK INTER-CHEMOL GMBH

TVK InterChemol GmbH was established in 1997 with a seat in Frankfurt-am-Main by TVK Rt. and Metallgesellschaft GmbH (49%) with share capital of DEM 1,200,000. In 2001, as the DEM ceased to exist, the company's issued capital was converted to EUR and totalled EUR 615,000. In March 2002, TVK Rt. acquired the stake of the minority shareholder and thus became the sole owner of the company. The company's equity as of 31 December 2009 was EUR 938 thousand. The company purchased polymer products on its own account from TVK Rt. until 30 June 2004 and, since 2002, from Slovnaft a.s. and sold these products in Germany. From 1 July 2004 the company is operating as an agent.

9.3 TVK UK LTD

TVK UK Ltd. was established in 1996 by TVK Rt. with a seat in London and an issued capital of GBP 200,000. The company's equity as of 31 December 2009 was GBP 103 thousand. The company purchased polymers on its own account from TVK Rt. until 30 June 2004 and sold them in the United Kingdom. From 1 July 2004 the company is operating as an agent. Dissolution of TVK UK Ltd. started on July 1, 2009.

9.4 TVK ITALIA SRL

TVK Italia S.r.l. is a trading company seated in Milan, Italy, set up in 1994 by TVK Rt and Cordusio SpA., Italy. In 1995, TVK Rt acquired the remaining 40% of TVK Italia S.r.l. and thus became the sole owner of the company. The company raised its issued capital from retained earnings and capital reserve by HUF 21.9 million in 2001. The company's equity as of 31 December 2009 was EUR 172 thousand. The company purchased plastic raw materials on its own account from TVK Rt until 30 June 2004 and, since 2003, from Slovnaft, a.s. and sold them in Italy. From 1 July 2004 the company is operating as an agent.

9.5 TVK-FRANCE S.A.R.L.

TVK-MOL-CHEM S.a.r.l. was established in 1997 by TVK Rt and MOL-CHEM Kft on a 50-50% basis with an issued capital of FRF 500,000. On 15 August 2003 TVK Rt. acquired the 50% stake from the co-owner for HUF 20 million. The company's equity as of 31 December 2009 was EUR 25 thousand. In 2003, the name of the company was changed from TVK-MOL-CHEM S.a.r.l. to TVK France S.a.r.l. The company is seated in Paris and purchased polymer products on its own account from TVK Rt until 30 June 2004, and sold these in France. From 1 July 2004 the company is operating as an agent.

9.6 TVK POLSKA SP.ZOO.

In 1998, TVK Rt. acquired 52.5% stake of BritChem Polska Sp.zoo from BritChem Trading Ltd., after which the company was renamed to TVK Polska Sp.zoo. It sells the polymers produced by TVK Rt. and Slovnaft, a.s. in Poland as an agent. In April 2002, TVK Rt. acquired the stake of the minority shareholder and thus became the sole owner of the company. As an effect of this investment being equity accounted TVK Rt.'s investment increased by 14 HUF million in 2004, and its value was HUF 31 million as of 31 December 2004. As a result of the transaction, a goodwill of HUF 198 million has been recorded in TVK Plc's books. The carrying amount of the goodwill as of 31 December 2009 was HUF 92 million. The company's equity as of 31 December 2009 was PLN 2,971 thousand.

9.7 TVK ERŐMŰ KFT.

TVK Rt. established Borsod-Flex Kft on 23 August, 1999. In 2001, the company's name was changed to TVK Eromű Kft. The company's main activities are electricity production and distribution. The company's main purpose is to ensure long-term heat supply for TVK Rt. In October 2001, TVK Rt. sold its investment of 74% to Észak Magyarországi Áramszolgáltató Rt. (North-Hungary Electricity Supplier). In December 2001, the company's capital was increased by HUF 100 million by the owners according to their stakes in the investment. The capital increase was registered by the Court of Registration in February 2002. In 2002, the company's capital was increased by HUF 1,715 million according to the stakes of the owners in the investment. The capital increase was registered by the Court of Registration in July 2002. In 2003 the owners increased the company's capital in more phases, in accordance with their shareholding percentage, in a total of HUF 1,055 million. Thus the capital of the company was increased to HUF 2,873 million and TVK Rt.'s stake changed to HUF 747 million. The company's equity was increased by a total of HUF 425 million to HUF 3,298 million in a number of steps during the course of 2004. In 2009 the company's equity was decreased by HUF 335 million to HUF 2,963 million and TVK Rt.'s stake changed to HUF 770 million. The company's equity as of 31 December 2009 was HUF 545 million.

9.8 TVK UKRAINA TOV

TVK Ukraina tov was founded by the Company with a registered capital of 33,995.89 Hryvnia (5,770 EUR). Cash consideration was paid on 23 November 2005. It sells the polymers produced by TVK Plc. and Slovnaft, a.s. in Ukraine as an agent. The establishment of the subsidiary aimed the direct presence on the strategically determining Ukrainian market. The company was registered on 17 January 2006. The company's equity as of 31 December 2009 was EUR 295 thousand.

9.9 TISZA-WTP KFT.

Tisza-Wtp Kft was formed in 2002 specifically for providing feed water and raw water to TVK Plc. and TVK Erőmű Kft. under a long-term co-operation agreement. . Tisza-Wtp Kft. is a corporation solely owned by Sinergy Kft., its registered office is in Tiszaújváros. The equity capital of the Company was reduced by the owner, Sinergy Kft. from 636 million HUF to 599 million HUF in March 2006. The equity capital of the Company was reduced by HUF 64 million in June 2007 and by HUF 40 million in 2008. The equity capital of the Company amounts to HUF 495 million. The company's equity as of 31 December 2009 was HUF 412 million.

ELECTED OFFICERS OF TVK Plc.

Board of Directors

MOSONYI, György (61)

Chairman of the Board since April 26, 2002

CEO of MOL Group

Qualified Chemical Engineer

Mr. Mosonyi graduated from the Faculty of Chemical Engineering of University of Veszprém in 1972. Starting 1974, worked for the Hungarian representation of Shell International Petroleum Co. (SIPC), where he was appointed commercial director in 1986. In 1991, he worked at the London head office of Shell. Between 1992 and 1993, he was the managing director of Shell Interag Kft. Between 1994-1999 he was President-Chief Executive Officer of Shell Hungary Rt. During the same period he became the Chairman of Shell's Central and Eastern European Region and also, in 1998, the Chief Executive Officer of Shell Czech Republic. He is the CEO and member of the Board of MOL Plc. since July 1, 1999. He is the Chairman of TVK Plc. Honorary President of the Association of Joint Ventures and vice chairman of the Hungarian Chamber of Commerce and Industry, as well as the Confederation of Hungarian Employers and Industrialists.

OLVASÓ, Árpád (51)

Deputy Chairman of the Board since April 26, 2002; Member of the Board since August 29, 2000

CEO of TVK Plc.

Qualified Chemical Engineer, MBA

Mr. Olvasó qualified as chemical engineer at the Chemical University Veszprém in 1983 and was awarded a Diploma in Management Studies at Buckinghamshire College – SZÁMALK in 1992. He received post-graduate degree at the College of Petroleum and Energy Studies in 1993 and an MBA degree at Brunel University – SZÁMALK in 1995. Worked for Dunai Kőolajipari Vállalat as plant engineer, operator, shift manager and as deputy plant manager between 1983 and 1992 to move on to the positions of plant manager and later project manager at Danube Refinery of MOL Rt. between 1992 and 1995; he acted as first consultant and project manager for Oracle Hungary from 1995 to 1997. Starting 1997, he worked as manager for partner relations at MOL Group DS until his appointment as head of the Chemical Division in 1999 and in turn as Director of Chemical Portfolio Management in 2001. The CEO of TVK Plc since July 1, 2003. The director of the Petrochemical Division of MOL Group since March 8, 2006. Since 1997, Mr. Olvasó has been member of the Presidium of the Hungarian Chemical Industry Association where he has acted as president since December 15, 2004. The General Assembly of APPE elected Mr. Olvasó a Member of the Board on 2nd June 2005. Mr. Olvasó was a Member of the Board by the General Assembly of CEFIC between August 2006 and October 2008. As of September 12, 2008 he is honorary associate professor at Pannon University of Veszprém.

DELCOMMUNE, Michel-Marc (62)

Member of the Board since November 3, 2000

Chief Advisor to the President of MOL Group since July 1, 2006

Qualified Chemical Engineer, MBA

MOL Group Chief Financial Officer since 11 October 1999, Director of Strategy, MOL Group since September 2, 2004 until July 1, 2006. Member of the Board of Directors of MOL Group since 28 April 2000 until 24 April 2008. Took a degree in Chemical Engineering at the University of Liege, Belgium and holds an MBA from Cornell University, New York. Mr Delcommune joined the PetroFina Group in 1972. Since 1990 he has been CFO. From 1999 he served in addition as human resources director and handled the successful merger of Fina and Total. He is a member of the International Advisory Board of Cornell University Business School and also a member of the Board of Directors of TVK Plc., Slovnaft a. s. and JKC Oil and Gaz. He is a Belgian citizen.

GANSPERGER, Gyula (47)

Member of the Board since April 20, 2006.

Deputy chairman of KÉSZ Holding Zrt.

Qualified economist.

Mr. Gansperger graduated in 1986 from University of Economics Budapest, Department of Finance. He obtain his professional expertises between 1986-1987. at Elektrocoop Company as Executive Officer, between 1987-1990. at CET Budapest Tervező Rt. as Chief accountant, between 1990-1998. at TAXORG Könyvelő és Adótanácsadó Kft. as Managing Director, between 1998-2001. at Hungarian Privatization and State Holding Company as Chairman and CEO, between 2001-2002. at Budapest Airport Pte. Ltd. as Chairman and CEO, between 2003-2005. at Wallis Plc. as CFO. He was the Chief Executive Officer of Wallis Ltd. between 2006-2007 and then, until December 2008 the Vice President of KÉSZ Holding Private Limited Company, member of the Board of Directors. At the present he is the managing director of Constans Invest Ltd.

Titles:

| | |
|------------|--|
| 2009- | MORANDO Kockázati Tőkealap-kezelő Plc., member of the Board of Directors |
| 2008- | Constans Invest Kft., Managing Director |
| 2006- | TVK Plc., member of the Board of Directors |
| 2007-2008 | Kész Holding Plc., member of the Board of Directors |
| 2005-2007 | Wallis Plc., member of the Board of Directors |
| 2005-2007 | Graboplast Plc., member of the Board of Directors |
| 2001-2003. | MATÁV Ltd., member of the Board of Directors |
| 1998-2000. | Hungarian Post Co. Ltd., member of the Board of Directors |
| 1995-1998. | Hungarian Privatization and State Holding Company, member of the Supervisory Board |

KASSOVIC, Vratko (66)

Member of the Board since April 28, 2005

CEO, Slovnaft a.s. until March 6, 2006

Qualified Chemical Engineer

Mr. Kassovic graduated as a chemical engineer from the technical university of Bratislava in 1967. He joined Slovnaft in 1969 and filled several positions until he was appointed as CEO in January 2002. Mr. Kassovic has been the director of the Petrochemical Division of the MOL Group since October 2003. On March 6, 2006, Mr. Kassovic has retired.

Dr. MEDGYESSY, Péter (68)

Member of the Board since April 20, 2006.

Former prime minister, Extraordinary and Plenipotentiary Ambassador of Hungarian Republic since October 14, 2004.

Qualified economist

Mr. Medgyessy graduated from Budapest University of Technology and Economics, Department of Theoretical Politics and Economy in 1966. Between 1966-1982 he worked at the Ministry of Finance in different positions. Between 1982-1986 Deputy Minister of Finance. In 1987 Minister of Finance. Between 1988-1990 Deputy Prime Minister, responsible of economic affairs in the government at the time of the change of regime. Between 1990-1994 President and Director General of the French Paribas Bank Ltd. in Hungary. Between 1994-1996 President and Director General of the Hungarian Investment and Development Bank Ltd. Between 1996-1998. Minister of Finance in the Social Democratic-Liberal government. Between 1998-2001 Chairman of the Board of Directors of Inter Európa Bank and Vice President of Atlasz Insurance Ltd. Between 2002-2004 Prime Minister of the Hungarian Republic in the Social Democratic-Liberal government. On August 25, 2004 he resigns for the sake of maintaining the coalition. Extraordinary and Plenipotentiary Ambassador of the Republic of Hungary since October 14, 2004 until May 31, 2008.

Other professional and public activities:

| | |
|----------------|--|
| 1973-1977. | Member of the Board of the International Institute for State Finance |
| 1994-1996. | Chairman of the Hungarian Society of Economics |
| 1994-1996. | Member of the Counsellors' Committee of the World Economic Forum in Davos |
| 1995-1996. | Member of the Board of Directors of the Hungarian Banking Association |
| 1998-2000. | Member of the Hungarian Atlantic Council |
| 1998-2000. | Vice President of the Commercial, Industrial and Cultural Chamber of Central European and Gulf Countries |
| 2006- | Member of Comité Européen d'Orientation founded by Jacques Delors |
| 2008- | Chairman of Hungarian-Hong Kong Partner Association |
| February 2009- | Honorary chairman of Hungarian-Hong Kong Partner Association |

MOLNÁR, József (54)

Member of the Board since April 20, 2001

Group Chief Financial Officer, MOL Group since September 3, 2004

Qualified Economist

From 1978 to 2001, Mr. Molnár held various management positions at BorsodChem Plc., including Pricing Department Head from 1982 to 1987, and Economics Department Head from 1987 to 1991. Between 1991 and 2001, as Chief Financial Officer and first deputy to the CEO, he contributed to the crisis management and reorganisation of the company, and later to the creation of its vision, and subsequent privatisation. He played a key role in the stock exchange listing of BorsodChem shares. He was CEO of TVK Plc. between 2001 and 2003, and MOL Group Planning & Controlling Director until his appointment as Group CFO in September 2004. Since April 2001, he has been a Board member of TVK Plc., and between 2004 and 2008, a Board member of Slovnaft a. s.

Supervisory Board Members

GYUROVSZKY, László (51)

Chairperson of the Supervisory Board since June 22, 2007

Member of the Supervisory Board since April 19, 2007

Financial consultant, crisis-manager,
Engineer

He is graduated as an engineer from the Slovakian Technical University of Bratislava in 1983. Between 1983 and 1990 he worked as electrical engineer at Duslo Sala – Slovakian chemical company. Between 1990 and 1992, as a journalist he published political and economical articles. Between 1992 and 1998, as a businessman, he dealt with the sale of sport and mobile communication articles. Between 1998 and 2002 as a Member of the Parliament of the Slovak Republic, took part in implementing the reforms of the Slovakian Economy and in the work of the Budget and Finance Committee of the Parliament. From 2002 until 2006 he was a minister of the Regional Development and Construction of the Slovak Government. He is a member of TVK Plc's Supervisory Board since April 19, 2007 and Chairman of it since June 22, 2007.

He is the Chairman of the Audit Committee since June 22, 2007.

MAGYAR, Tamás (41)

Deputy Chair of the Supervisory Board since June 22, 2007

Member of the Supervisory Board after March 13, 1998

Manager TVK Plc. Energy Supply, Contract Management
Electric Product Engineer

Mr. Magyar graduated as electric product engineer from Kandó Kálmán Technical College for the Electric Industry in 1989. He worked for TVK at the Electricity Division and at the Electric Network Plant between 1989 and 1993 to move on to the post of product engineer at the Technical Department where he worked between 1993 and 1994 and to service manager at the High Voltage Unit between 1994 and May 1997. He acted as head of the Electric Maintenance Unit of the Energy Supply Division between 1997 and 2000. Mr. Magyar was service manager and service technologist at the Electricians Service Unit between 2000 and 2008. He was the expert of Energy Supply between 2008 and 2009., and from January 1, 2010 he became the Manager of Energy Supply Contract Management. Mr. Magyar is the member of TVK Plc's Supervisory Board since March 13, 1998. He was the Deputy Chairman of TVK Plc's Supervisory Board between August 29, 2000 and November 18, 2003. He is the Deputy Chairman of TVK Plc's Supervisory Board since June 22, 2007.

dr. BAKACSI, Gyula (51)

Member of the Supervisory Board since April 19, 2007

Head of department, professor, at the Corvinus University of Budapest

Head of department, professor of the Sapientia Hungarian University of Transylvania

Economist, doctorate degree, candidate for Economics

Dr. Gyula Bakacsi is the head of department, professor, at the Corvinus University of Budapest, Faculty of Economics, Faculty of Organisational Theory. He is the head of department, professor of the Sapientia Hungarian University of Transylvania, the Faculty of Economics and Human Sciences, Business Sciences.

He is graduated in 1983 at the Faculty of Industry of the Marx Károly University of Economics in Budapest. He got his doctorate degree in 1988, candidate for Economics degree in 1994. Between 1983 and 1985 he worked at the MTA-MKKE (Marx Károly University of Economics) as science associate at the Coordination Secretary of Faculty „Socialist Company” National Perspective Scientific Research. Between 1985 and 1990, he was assistant lecturer at the Faculty of Industrial Business Organisation at MKKE. Between 1990 and 2004 he was adjunct, from 1994 docent at the Faculty of Organisation and Management Theory at the University of Economics, Budapest. Between 2000 and 2002 he was deputy rector of the Faculty of University Politics and Development at the University of Economics and State Administration, Budapest. From 2003 he is a head of department of the Business Sciences at the Csíkszereda Unit of the Sapientia Hungarian University of Transylvania. In 2004, he was the deputy rector of the University, between 2004 and 2008, he was the rector of the Faculty of Economics and Human Sciences. From 2005, he is the head of department, professor, at the Corvinus University of Budapest, Faculty of Organisational Theory, and deputy director of the Management Sciences Institution. From 2003, he is the chairman of the Economics Sciences Professional Committee of the National Scientific Student Association. He was a corporate member of the Local Government of Martonvásár between 2004 and 2006. From 2005, he is the Chairman of the Supervisory Board of the PEMŰ Zrt.

dr. BÍRÓ, György (55)

Member of the Supervisory Board since April 19, 2007

Director and head of department, professor of Civil Sciences Institution of the Faculty of Law, at the University of Miskolc

Lawyer

He graduated as lawyer at the Faculty of Law at the József Attila University of Sciences in 1978. From 1978 he worked at the Diósgyőri Gépgyár as legal advisor. He works at the University of Miskolc, between 1982 and 1984 he was assistant, and until 1993 adjunct. Between 1993 and 1999 he was professor, head of department. Since July 1, 1999, he is head of department of the Faculty of Civil Law, at the University of Miskolc. Since 1989 he works as a lawyer, since 1997 he is the deputy chairman of the Bar of Borsod-Abaúj-Zemplén County.

KEMÉNYNÉ ÚJVÁRI, Ildikó (57)

Member of the Supervisory Board since October 10, 1996

Laboratory engineer in the Polymer Quality Control Department of of TVK Plc

Chemical engineer

Mrs. Kemény graduated as chemical engineer from the University of Light Industrial Technology in Kiev 1976. She joined the Pigment Plant of TVK in 1976. Worked at the LDPE plant between 1986 and 1995 and as senior quality controller in the QC department of the HDPE Business Unit starting 1995. She acted as engineer and unit manager at the PE laboratory of the Polymer Business Unit between 2001 and 2003. Mrs. Kemény has been working as laboratory engineer in the Quality Control Department of the Polymer Production since 2003.

Top Management

OLVASÓ, Árpád (51)

Deputy Chairman of the Board since April 26, 2002; Member of the Board since August 29, 2000

Chief Executive Officer

Qualified Chemical Engineer, MBA

See CV in the section on the Board of Directors

PIRY, László (43)

Deputy CEO, Polymer Marketing and Sales until September 30, 2009

Mechanical engineer, DMS

Mr. Piry graduated from the Budapest Technical University as a mechanical engineer in 1991 and obtained a diploma in management studies at Euro Contact Business School in 1998. Worked for Dow Chemicals as an engineer and sales executive to move on to regional sales and marketing positions after 1991. He was appointed as director responsible for sales of the Diversey Lever Division of Unilever in 1998. He acted as managing director at the same company starting 2001. In 2002 he took over the position of managing director at the Sloven subsidiary of Unilever and was in charge of the Croatian market starting 2003. Mr. Piry was appointed deputy CEO responsible for Polymer Marketing and Sales at TVK Plc. on June 7, 2004.

PETRÉNYINÉ SZABÓ, Krisztina (32)

Deputy CEO, Polymer Marketing and Sales as from October 1, 2009

qualified economist

Mrs. Petrényi graduated from the University of Economics Miskolc as a qualified economist in 2000 and obtained a professional economist diploma in Foreign Trade Management at Budapest Business School in 2003. She has started her carrier in 2000 at Sales Department of TVK. From 2002 she has acted as a senior sales executive of polyethylene export sales. She was appointed as a senior sales executive of polymer export sales starting 2003.

In February 2006 she took over the position of head of Polymer Sales. Mrs. Petrenyi was appointed deputy CEO responsible for Polymer Marketing and Sales at TVK Plc. on October 1, 2009.

HODOSSY, Gyula (39)

Deputy CEO, Management and Finance since July 1, 2007

Qualified economist

Mr Hodossy started his career in 1989 at TVK's Customs and Material Acceptance. Graduated from the Budapest College of Finance and Accounting in 1995 and obtained a Diploma in Management studies at Euro Contact Business School in 2002. From 1995 continued his work as an analysing economist at the Controlling Office. He was appointed the group leader of Inventory Management in 1997. From January 2001, he acted as the economic manager at the Olefin Business Unit. In July 2002 he took over the position of the head of the Internal Audit, then from January 2004 he was appointed the head of Energy Supply and Maintenance Management. Since July 1, 2007 he has been acting as Deputy CEO, Chief Financial Officer of TVK Plc.

BÓTA, János (48)

Director of Petrochemical Technology and Product Development since August 1, 2007
Chemical engineer

Mr. Bóta graduated as chemical engineer from the Process Control Faculty of the University of Veszprém in 1985. In 1994 he has received engineer-manager degree at the University of Miskolc. He worked at TVK since 1985. For ten years he worked in various positions at the Production Unit (HDPE-1 and PP-3 Plants), between 1989 and 1995 he was plant manager. From 1995 he was the sales manager of the HDPE Business Unit, from 1998 worked as PP business unit director. From 2000 he was in the position of marketing and sales manager, from 2002 he held the post of technology development manager. From August 1, 2006 for one year he worked at the Netherlands office of Fluor Company, as process engineering manager. Since August 1, 2007 he is the Director of Petrochemical Technology and Project Development.

PÉNZES, Tamás (39)

Human Resources Manager
Psychologist

Mr. Péntzes graduated from the faculty of psychology of the University of Debrecen as a psychologist specializing in labour and organization psychology and mathematical modelling. During his academic years, he researched corporate cultures, performed statistical analyses and worked for an HR consulting company as a specialist of recruitment and selection. He has been member of the TVK HR team since 2002 and was appointed HR manager in July, 2004. Mr. Péntzes teaches at the psychology department of the University of Debrecen. He received MBA degree at Durham University in 2008.

VÁLYI NAGY, Tivadar (54)

Director, Production since July 1, 2007
Qualified Chemical Engineer

Mr. Vályi Nagy graduated as a chemical engineer at the Mineral Oil and Coal Technology faculty of the University of Chemical Engineering in Veszprém in 1982. He joined TVK in 1978 and worked as plant engineer in various polymerisation plants of the Company before 1994. He acted as project manager in the implementation jobs of the ERP application to move on to managing the economics of a business unit starting 1995. Later on was in charge of planning an analysis in the Petrochemical Division. Mr Vályi Nagy has been chief controller of the Company since 2000. He worked as Deputy CEO, Chief Financial Officer between January 1, 2005 and June 30, 2007. He was appointed TVK's Production Director on July 1, 2007.

**Shares held by the members of the Board of Directors, Supervisory Board
and Top Management
(December 31, 2009)**

BOARD OF DIRECTORS

| Name | Number of Shares Registered (pcs) |
|-------------------------|--|
| Mosonyi György | 0 |
| Olvásó Árpád | 0 |
| Delcommune, Michel Marc | 0 |
| Gansperger Gyula | 0 |
| Kassovic, Vratko | 0 |
| Dr. Medgyessy Péter | 0 |
| Molnár József | 0 |

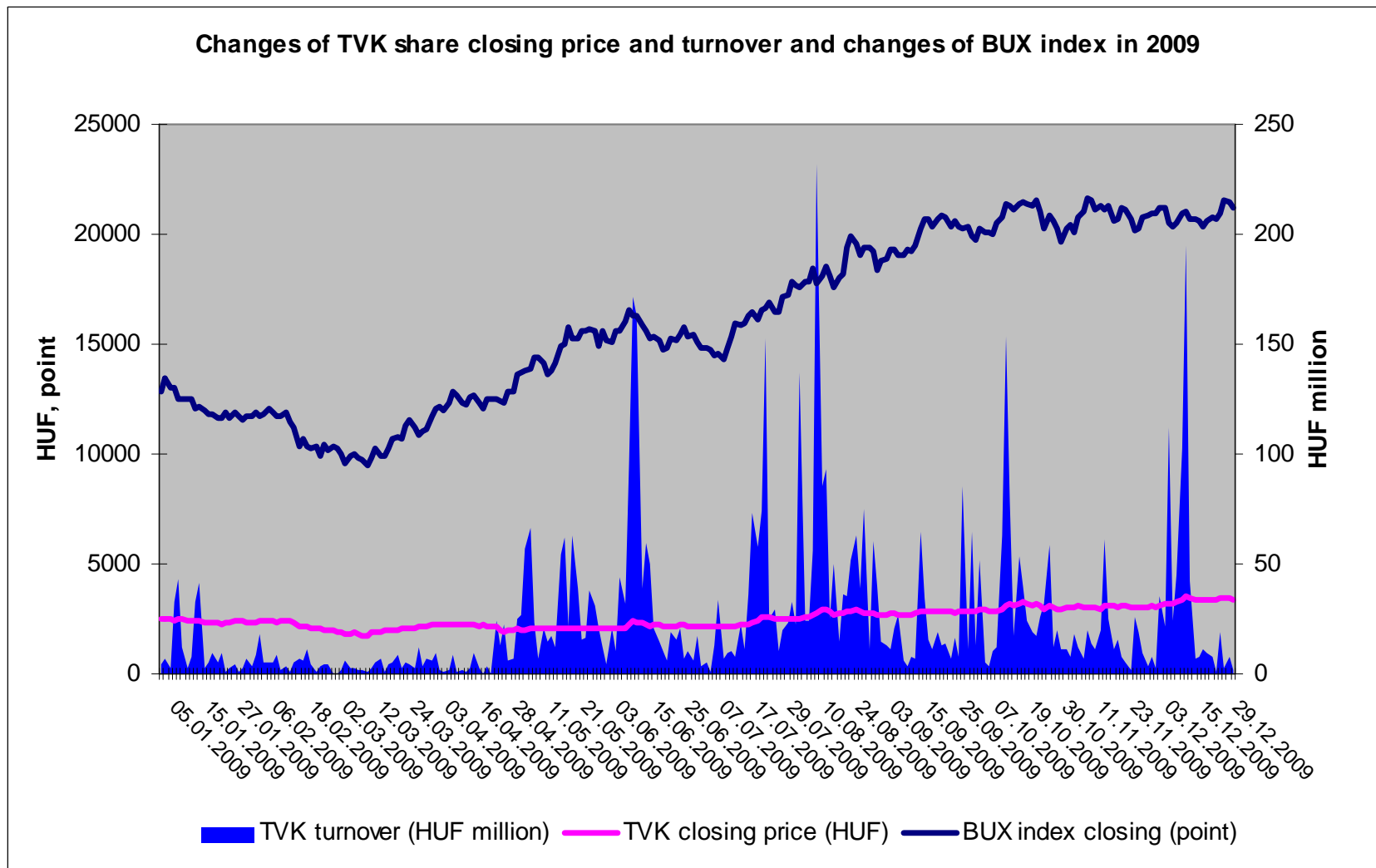
SUPERVISORY BOARD

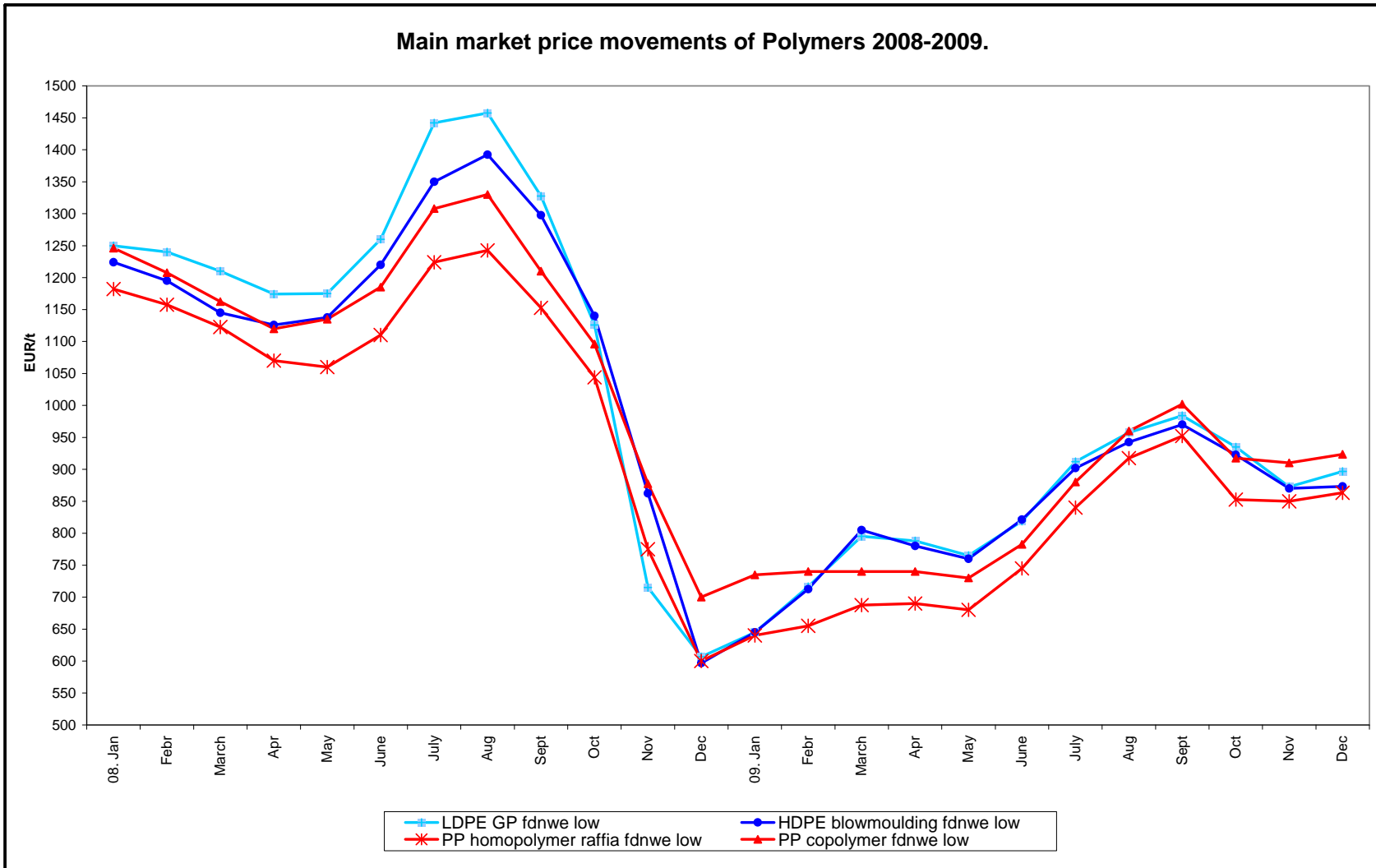
| Name | Number of Shares Registered (pcs) |
|------------------------|--|
| Gyurovsky László | 0 |
| Magyar Tamás | 0 |
| Dr. Bakacsi Gyula | 0 |
| Dr. Bíró György | 0 |
| Keményné Újvári Ildikó | 0 |

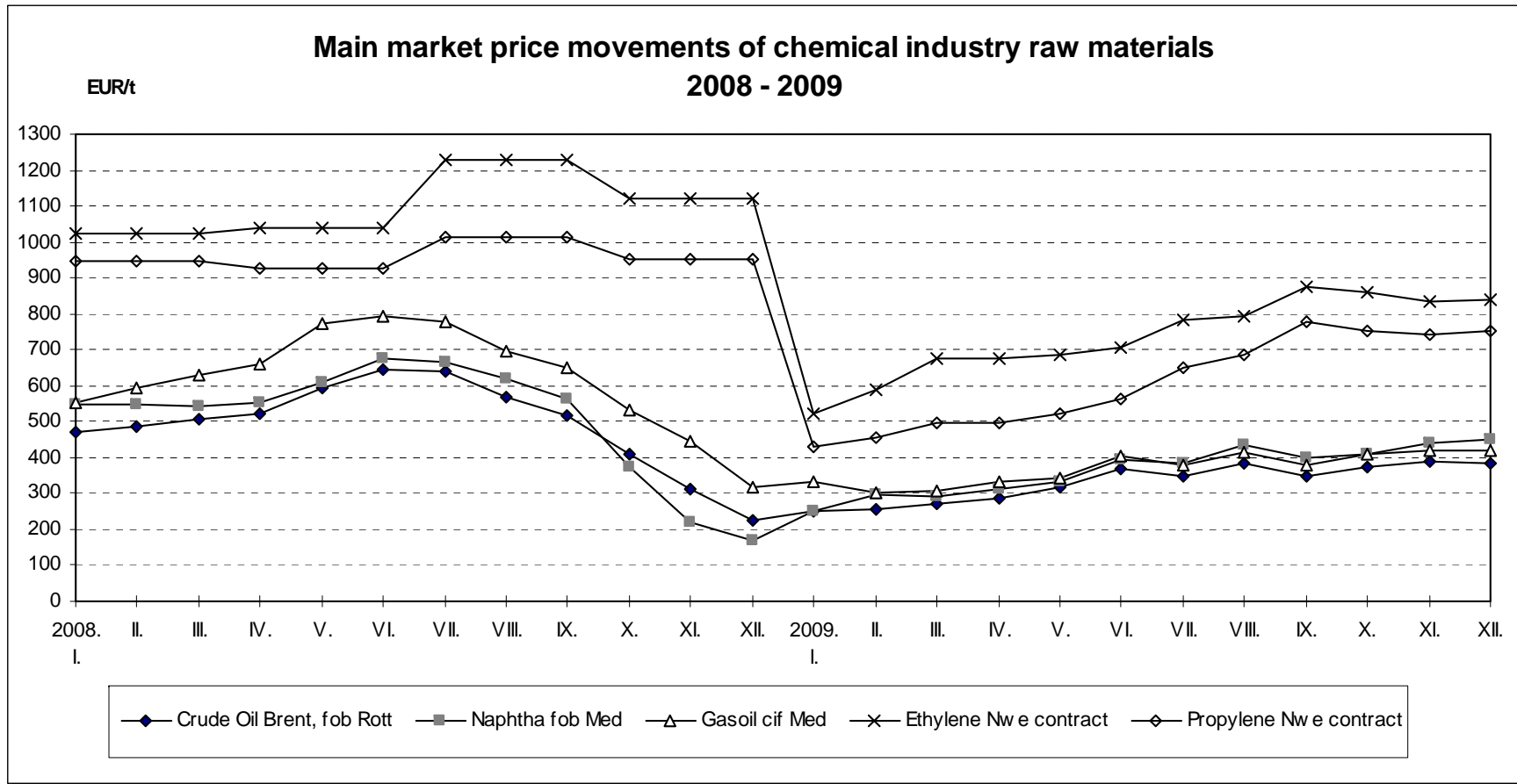
MANAGEMENT

| Name | Number of Shares Registered (pcs) |
|-----------------------------|--|
| Olvásó Árpád | 0 |
| Petrényiné Szabó Krisztina* | 0 |
| Hodossy Gyula | 0 |
| Bóta János | 0 |
| Pénzes Tamás | 0 |
| Vályi Nagy Tivadar | 0 |

*Piry, László was the deputy CEO, Polymer Marketing and Sales between June 7, 2004 and September 30, 2009.







Consolidated income statement

in HUF million

| | Description | TVK Group | |
|-------------|--|----------------|----------------|
| | | 2008 | 2009 |
| I. | Net sales (revenue) | 323 406 | 265 372 |
| II. | Other operating income | 216 | 2 049 |
| A. | Total operating income (I.+II.) | 323 622 | 267 421 |
| | Material costs | 267 578 | 211 076 |
| | Material type services | 14 841 | 14 215 |
| | Cost of goods sold | 5 976 | 7 497 |
| | Cost of services sold | 422 | 16 826 |
| III. | Raw material and consumables used | 288 817 | 249 614 |
| | Wages and salaries | 6 292 | 6 589 |
| | Other personnel expenses | 1 054 | 1 012 |
| | Payroll related contributions | 1 982 | 2 142 |
| IV. | Personnel expenses | 9 328 | 9 743 |
| V. | Deprecation, depletion, amortization and impairment | 13 148 | 12 609 |
| VI. | Other operating expenses | 4 241 | 3 978 |
| VII. | Change in inventories of finished goods and work in progress | 4 205 | 60 |
| VIII. | Work performed by the enterprise and capitalized | -672 | -1 073 |
| B. | Total operating expenses (III.+IV.+V.+VI.+VII.+VIII.) | 319 067 | 274 931 |
| C. | Profit from operations (EBIT) (A.-B.) | 4 555 | -7 510 |
| IX. | Financial income | 417 | 562 |
| X. | Financial expense | 4 100 | 2 257 |
| D. | Net financial expense (-) (IX.-X.) | -3 683 | -1 695 |
| XI. | Gain/ (Loss) from associates | -18 | -71 |
| E. | Profit before tax (C.+D.+XI.) | 854 | -9 276 |
| XII. | Income tax expense | 1 000 | -84 |
| F. | Profit for the year (E.-XII.) | -146 | -9 192 |
| XIII. | Minority interest | 0 | 0 |
| G. | Equity holders of the parent (F.+ XIII.) | -146 | -9 192 |

Consolidated balance sheet

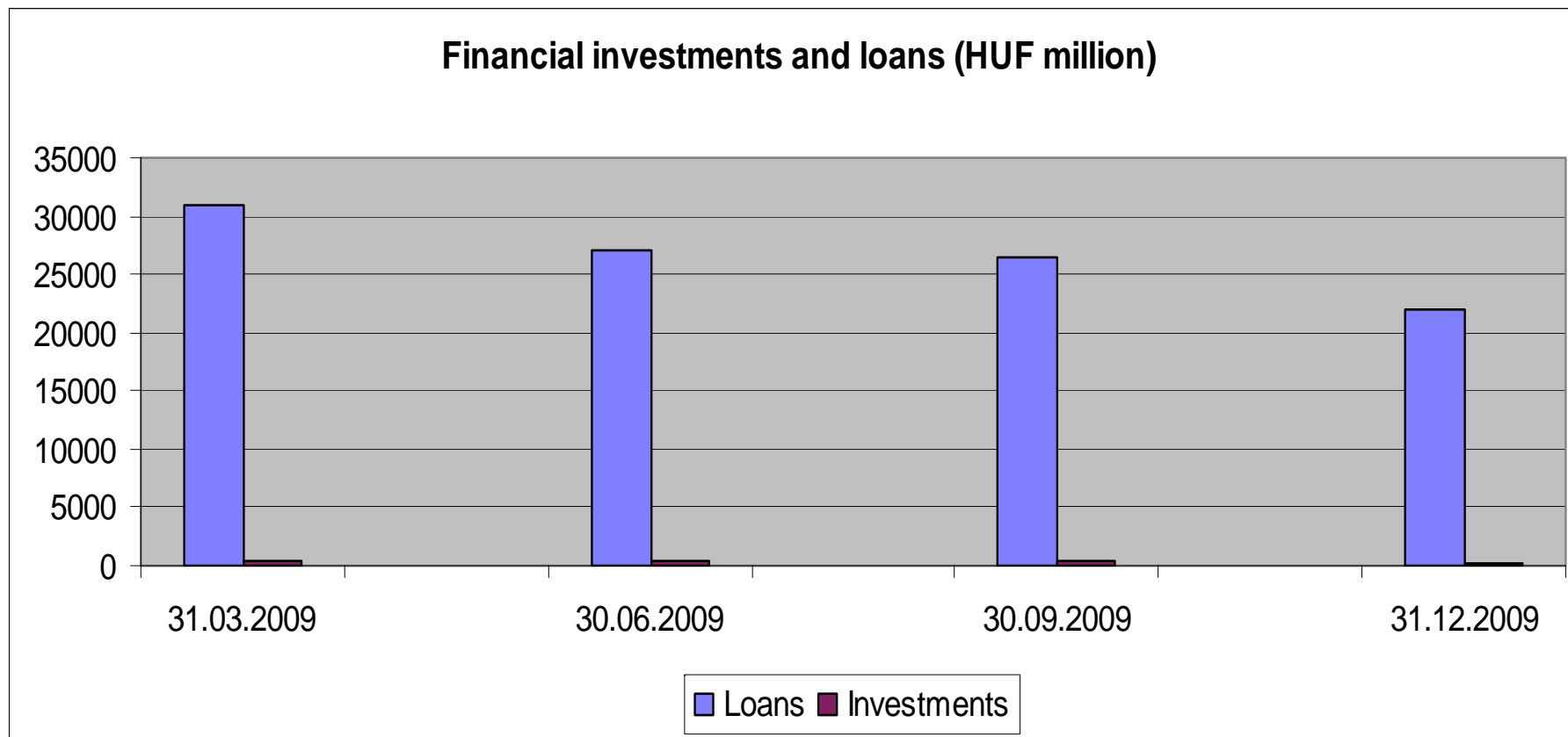
| Description | TVK Group | |
|--|---------------------------------|---------------------------------|
| | 31. XII. 2008 in HUF million | 31. XII. 2009 in HUF million |
| Non-current assets | | |
| Intangible assets | 3 492 | 2 998 |
| Property, plant and equipment | 137 833 | 133 660 |
| Investments in associated companies | 178 | 114 |
| Other non-current assets | 189 | 191 |
| Total | 141 692 | 136 963 |
| Current assets | | |
| Inventories | 7 072 | 7 752 |
| Trade receivables, net | 37 009 | 43 456 |
| Other current assets | 15 433 | 13 343 |
| Prepaid taxes | 2 030 | 2 948 |
| Cash and cash equivalents | 6 545 | 6 942 |
| Total | 68 089 | 74 441 |
| TOTAL ASSETS | 209 781 | 211 404 |
| Equity attributable to equity holders of the parent | | |
| Share capital | 24 534 | 24 534 |
| Reserves | 124 153 | 122 045 |
| Net income attributable to equity holders of the parent | -146 | -9 192 |
| Total | 148 541 | 137 387 |
| Minority interests | 0 | 0 |
| Total equity | 148 541 | 137 387 |
| Non-current liabilities | | |
| Long-term debt, net of current portion | 12 586 | 11 632 |
| Provisions for liabilities and charges | 2 724 | 2 296 |
| Deferred tax liabilities | 4 423 | 3 547 |
| Other non-current liabilities | 13 | 4 288 |
| Total | 19 746 | 21 763 |
| Current liabilities | | |
| Trade and other payables | 24 392 | 41 575 |
| Current tax payable | 0 | 0 |
| Provisions for liabilities and charges | 393 | 308 |
| Short-term debt | 0 | 9 478 |
| Current portion of long-term debt | 16 709 | 893 |
| Total | 41 494 | 52 254 |
| TOTAL EQUITY AND LIABILITIES | 209 781 | 211 404 |

Net sales of TVK Group by region

| Region | 2008 | | 2009 | |
|---|----------------|------------|----------------|------------|
| | in HUF million | % | in HUF million | % |
| Europe | 152 050 | 48 | 122 265 | 47 |
| - Germany | 30 389 | 9 | 22 954 | 9 |
| - Italy | 25 165 | 8 | 21 347 | 8 |
| - Poland | 23 114 | 7 | 21 010 | 8 |
| - Slovakia | 8 888 | 3 | 6 951 | 3 |
| - UK | 5 703 | 2 | 3 068 | 1 |
| - Romania | 7 540 | 3 | 4 598 | 2 |
| - France | 4 872 | 2 | 3 879 | 1 |
| - Austria | 6 223 | 2 | 4 145 | 2 |
| - Other Europe | 40 156 | 12 | 34 313 | 13 |
| America | 3 536 | 1 | 7 776 | 3 |
| Middle-East | 1 200 | 0 | 1 180 | 0 |
| Far-East | 323 | 0 | 361 | 0 |
| Africa | 0 | 0 | 3 | 0 |
| Export sales revenue according to IFRS | 157 109 | 49 | 131 585 | 50 |
| Domestic sales revenue according to IFRS | 166 297 | 51 | 133 787 | 50 |
| Total sales revenue according to IFRS | 323 406 | 100 | 265 372 | 100 |

Financial (income)/ expense

| | Description | 2008 | 2009 |
|--|--|----------------|----------------|
| | | in HUF million | in HUF million |
| Financial income | | | |
| 1. | Interest received | 377 | 535 |
| 2. | Dividend received | 16 | 0 |
| 3. | Impairment, reverse impairment and revaluation of securities | 4 | 9 |
| 4. | Other | 20 | 18 |
| | Total | 417 | 562 |
| Financial expense | | | |
| 1. | Interest paid | 1 971 | 1 486 |
| 4. | Foreign exchange losses | 1 566 | 305 |
| 2. | Discounts given for early payment of receivables | 380 | 283 |
| 3. | Interest on provision | 173 | 175 |
| 5. | Other | 10 | 8 |
| | Total | 4 100 | 2 257 |
| Total financial income / expense (-), net | | -3 683 | -1 695 |



Headcount and wages of TVK Plc.

Headcount

| Description | Unit | 2008 actual | 2009 actual | Index % |
|--|--------|----------------|----------------|------------|
| · Yearly average number of fulltime employees | person | 1,153 | 1,158 | 100.4 |
| · Yearly average number of part-time employees | person | 2 | 2 | 100.00 |
| · Yearly average number of all employees | person | 1,157 | 1,162 | 100.4 |

Wage Bill

| | | | | |
|---|-------------|---------|---------|-------|
| · Wage bill of full time employees and accruals | HUF million | 5,262.8 | 5,647.6 | 107.3 |
| · Wage bill of other employees | HUF million | 193.6 | 180.8 | 93.4 |
| · Total wages and salaries | HUF million | 5,456.4 | 5,828.4 | 106.8 |

Average Wages

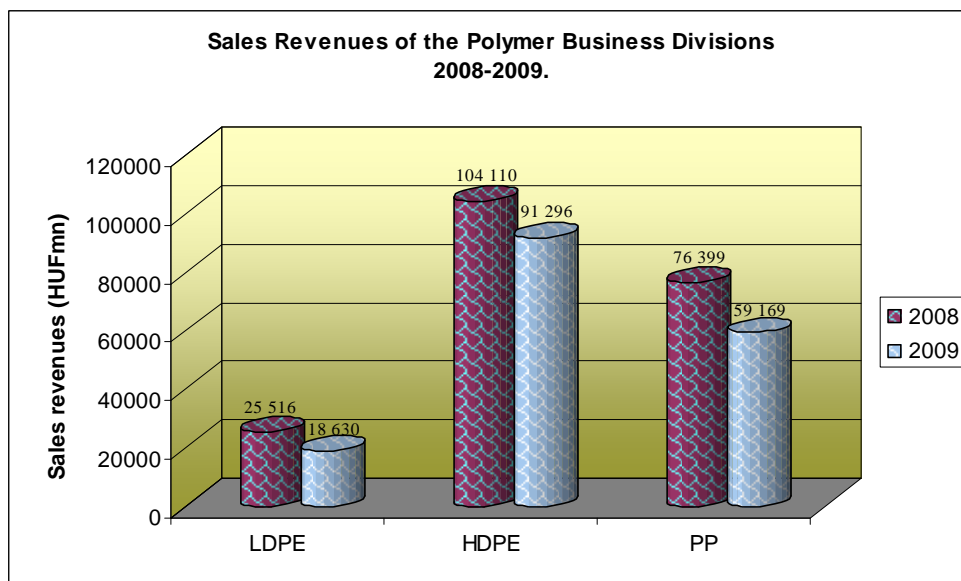
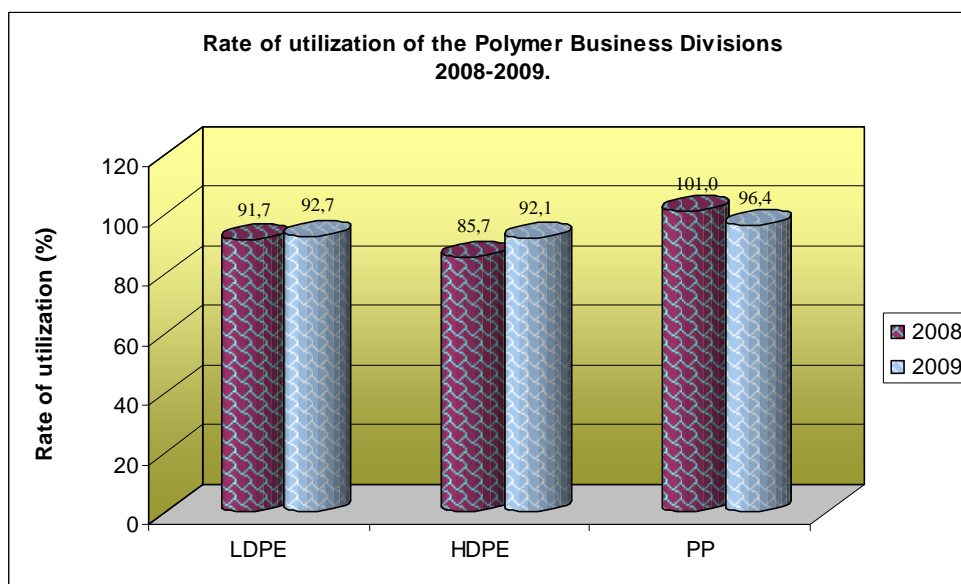
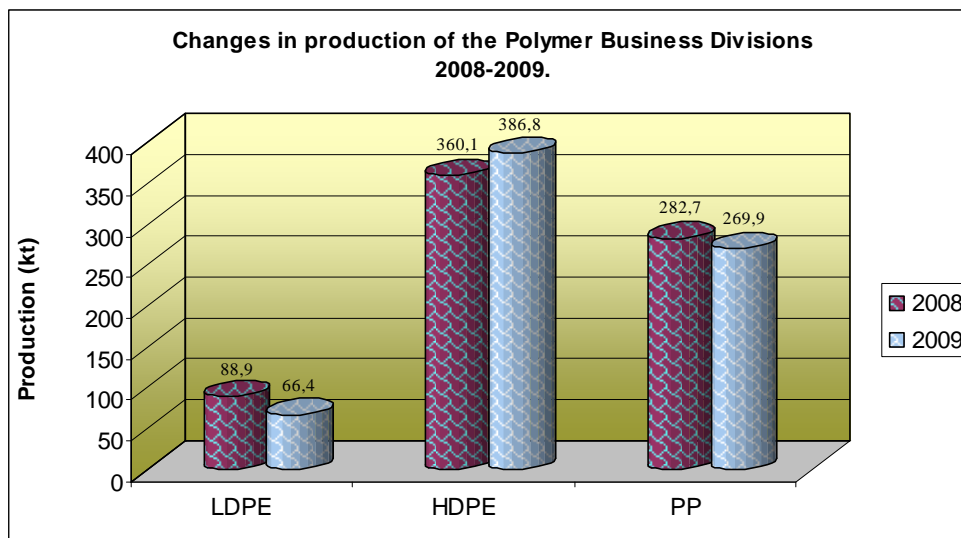
| | | | | |
|------------------------|------------------|-----------|-----------|-------|
| · Average wage | HUF/person/year | 4,751,446 | 4,817,813 | 101.4 |
| · Monthly average wage | HUF/person/month | 395,954 | 401,484 | 101.4 |

Fringe benefits of TVK Plc.

HUF thousand

| Title | 2008 Actual | 2009 Actual |
|--|-------------------------------|-------------------------------|
| May be granted to those in social need | | |
| Financial assistance | 2 000 | 2 400 |
| Funeral costs | 288 | 107 |
| Total | 2 288 | 2 507 |
| Fringe benefits for all employees | | |
| Group Life & Accident Insurance | 3 493 | 3 516 |
| Present vouchers | 24 928 | 24 612 |
| Total | 28 421 | 28 128 |
| Other available benefits | | |
| Work clothing | 679 | 679 |
| Transportation to/from work | 58 959 | 60 642 |
| Transportation of workers | 10 223 | 7 054 |
| Primary healthcare | 47 984 | 43 309 |
| Cultural expenditures | 6 715 | 6 093 |
| Total | 124 560 | 117 777 |
| Optional fringe benefits HUF thousand/person/year (OFF) | 420+3,5% of basic wage | 420+2,5% of basic wage |
| OFB purchase value | 630 454 | 564 366 |
| Social Insurance | 5 037 | 7 780 |
| OFB Personal Income Tax | 4 040 | 5 908 |
| Employer's fee | 521 | 328 |
| Total | 640 052 | 578 382 |
| Granted by employer to certain job categories | | |
| Education, training | 177 262 | 87 644 |
| Protective clothing | 61 421 | 53 956 |
| Prophylactic beverages | 30 114 | 21 492 |
| Total | 268 797 | 163 092 |
| GRAND TOTAL | 1 064 118 | 889 886 |

Production, capacity utilisation and sales of the Polymer Divisions



TVK Plc's associates

| | Name of Company | Net book value (IAS) | | Equity/Store Capital ^a | Ownership 31. XII. 2009 | Status | Consolidation Method |
|----|---|----------------------|------------------|-----------------------------------|----------------------------|--------|-------------------------|
| | | 31. XII. 2008 | 31. XII. 2009 | | | | |
| | | in HUF thousands | in HUF thousands | | % | | |
| 1 | TVK Ingatlankezelő Kft. | 2 974 555 | 2 974 555 | 2 970 000 | 100,00% | L | L |
| 2 | TVK Inter-Chemol GmbH (thousand EUR) | 189 889 | 189 889 | 615 | 100,00% | L | L |
| 3 | VIBA-TVK Termelő és Kereskedelmi Kft.** | 64 114 | - | 205 000 | 40,00% | T | T |
| 4 | TVK UK Ltd. (thousand GBP)*** | 89 245 | 31 211 | 200 | 100,00% | L | L |
| 5 | TVK Italia S.r.l. (thousand EUR) | 58 826 | 58 826 | 100 | 100,00% | L | L |
| 6 | TVK FRANCE S.a.r.l. (EUR) | 26 682 | 26 682 | 76 225 | 100,00% | L | L |
| 7 | TVK Polska Spzoo (thousand PLN) | 60 757 | 60 757 | 109 | 100,00% | L | L |
| 8 | TMM Tűzoltó és Műszaki Mentő Kft. | 113 588 | 113 588 | 3 000 | 30,00% | T | T |
| 9 | TVK Erőmű Term. Szolg. Kft. | 857 480 | 770 406 | 2 963 100 | 26,00% | T | L |
| 10 | TVK Ukrajna (hrivnya) | 1 457 | 1 457 | 33 996 | 100,00% | L | L |
| 11 | Tisza-WTP Kft.**** | - | - | 495 000 | 0,00% | - | L |

Status:

L: Subsidiaries

T: Associated

Consolidation Method:

L: Full consolidation

T: Equity

Note:

* The registered capital/share capital is expressed in the HUF; otherwise in the currency indicated

** Dissolution process finished on 8 February, 2010

*** Dissolution started on 1 July, 2009

**** Non-participating business with full consolidation

Financial informations of the consolidated companies

in HUF million

| | TVK Share (%) | Year of Foundation Acquisition | Country of Registration or Business Activity | Shareholders' Equity | Share Capital | Sales | Operating Results | Profit for the year | Closing headcount |
|-------------------------|------------------|-----------------------------------|---|-------------------------|------------------|---------|----------------------|------------------------|----------------------|
| TVK Nyrt. | | 1991 | Hungary | 137 218 | 24 534 | 250 417 | -9 900 | -9 047 | 1 139 |
| TVK Italia Srl. | 100,00 | 1994 | Italy | 47 | 25 | 459 | 38 | 15 | 4 |
| TVK UK Ltd. | 100,00 | 1996 | England | 31 | 67 | 63 | -45 | -31 | - |
| TVK InterChemol GmbH. | 100,00 | 1997 | Germany | 254 | 137 | 2 063 | 327 | 90 | 8 |
| TVK-France S a r l. | 100,00 | 1997 | France | 7 | 19 | 139 | 12 | 12 | 3 |
| TVK Polska Spzoo | 100,00 | 1998 | Poland | 196 | 7 | 492 | 211 | 170 | 6 |
| TVK Erőmű Kft. | 26,00 | 2001 | Hungary | 545 | 2 963 | 38 278 | 1 437 | 25 | 4 |
| TVK Ingatlankezelő Kft. | 100,00 | 1998 | Hungary | 3 193 | 2 970 | 500 | 127 | 186 | - |
| TVK Ukraina tov | 100,00 | 2005 | Ukraine | 80 | 1 | 136 | 58 | 44 | 3 |
| Tisza WTP Kft.* | 0,00 | 2002 | Hungary | 412 | 495 | 1 120 | 227 | -31 | - |

Note:

* Non-participating business with full consolidation